

SPICES

July 30-Aug 04, 2007

Overview:

- Black Pepper Extended Weakness Further
- Domestic Jeera Market Quiet; Turmeric Firm
- Chilli Prices Firmed Up on Damage Concerns
- Cardamom Prices Steady on Subdued Demand
- Cardamom Exports during June 2007 Gained Significantly

Spices: Domestic Spot Prices for the Week Ending 28.07.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (28.07.07)	Price (Rs/Kg) For the Week (21.07.07)	Last Month Same Week (Rs/Kg) (30.06.07)	Last Year Same Week (Rs/Kg) (29.07.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	145.46	145.67	147.50	94.00
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	404.63	434.48	No Auction	No Auction
Cardamom (Large)	Bada Dana	Gangtok	-	115.00	116.25	130.00
Chilli	Cold storage	Guntur	41.50	41.50	44.40	35.00
Ginger	Best	Cochin	48.00	48.00	48.00	56.75
	Medium	Cochin	43.00	43.00	43.00	46.00
Turmeric	Alleppey finger (AFT)	Cochin	24.00	24.00	24.00	45.00
	Rajapuri	Mumbai	54.50	53.50	53.50	55.50
	Nizamabad	Mumbai	24.25	23.00	27.00	29.00
Coriander	Indori 5%	Mumbai	40.00	37.25	33.75	31.75
Cumin	1%	Mumbai	118.75	115.63	113.75	80.63
	4%	Mumbai	103.13	98.13	96.25	75.63
Clove		Cochin	240.00	240.00	240.00	330.00
		Nagarcoil	230.00	245.00	250.00	340.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 27.07.2007:

Spice	Origin/Grade	Market	Price For the Week (27.07.07) (US\$/KG)	Price For the Week (20.07.07) (US\$/KG)	Last Month (29.06.07) (US\$/KG)	Last Year Same Week (28.07.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.21	4.26	4.26	2.16
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	14.72	14.57	12.48	8.50
Chillies	Indian SANNM-4 (Stem less)	New York	2.21	2.21	2.21	1.94
Ginger	India Cochin	New York	2.10	2.10	2.10	1.96
	Chinese Peeled	New York	1.76	1.76	1.76	1.83
Turmeric	India Alleppey Finger	New York	1.74	1.79	1.79	1.85
Garlic	Chinese	New York	2.14	2.14	2.21	2.84
Coriander	Canada	New York	1.06	1.06	1.06	0.77
Cumin	Syrian	New York	3.64	3.31	3.31	2.03
	Indian	New York	3.64	3.31	3.31	2.03
Fennel	Indian (ASTA)	New York	1.57	1.52	1.50	1.65
	Egyptian	New York	1.61	1.52	1.57	2.01
Fenugreek	India/Turkey	New York	1.08	1.08	0.99	0.82
Clove	Mad/Zanz/Com/ Indo	New York	4.30	4.30	4.41	4.96
	Sri Lanka (Hand picked)	New York	9.37	9.37	9.37	7.17
Cinnamon	Ceylon H2 Cinnamon	New York	6.28	6.28	6.28	5.84

Source: Spices Board of India

Cardamom Exports during June 2007 Gained Significantly

Exports for cardamom (small) during the month of June 2007 increased significantly by 59.09 % to 35 tons valued at Rs.113.75 lakh as compared to 22 tons valued at Rs.69.99 lakh. And exports of large cardamom during the month of June 2007 were 50 tons valued at Rs.60 lakh as compared to 37 tons valued at Rs.50.89 lakh. However, target for Cardamom exports for the year 2007-08 is

anticipated around 750 tons valued at Rs.2,625 lakh for small variety and 1,250 tons valued at Rs.1375 lakh for large variety. Indian Rupee has appreciated by 9% in July 2007 as compared to March 2007. The appreciation in rupee will have an impact on our competitive edge over other producing countries, which may result in some drop in the export of cardamom in the coming months.

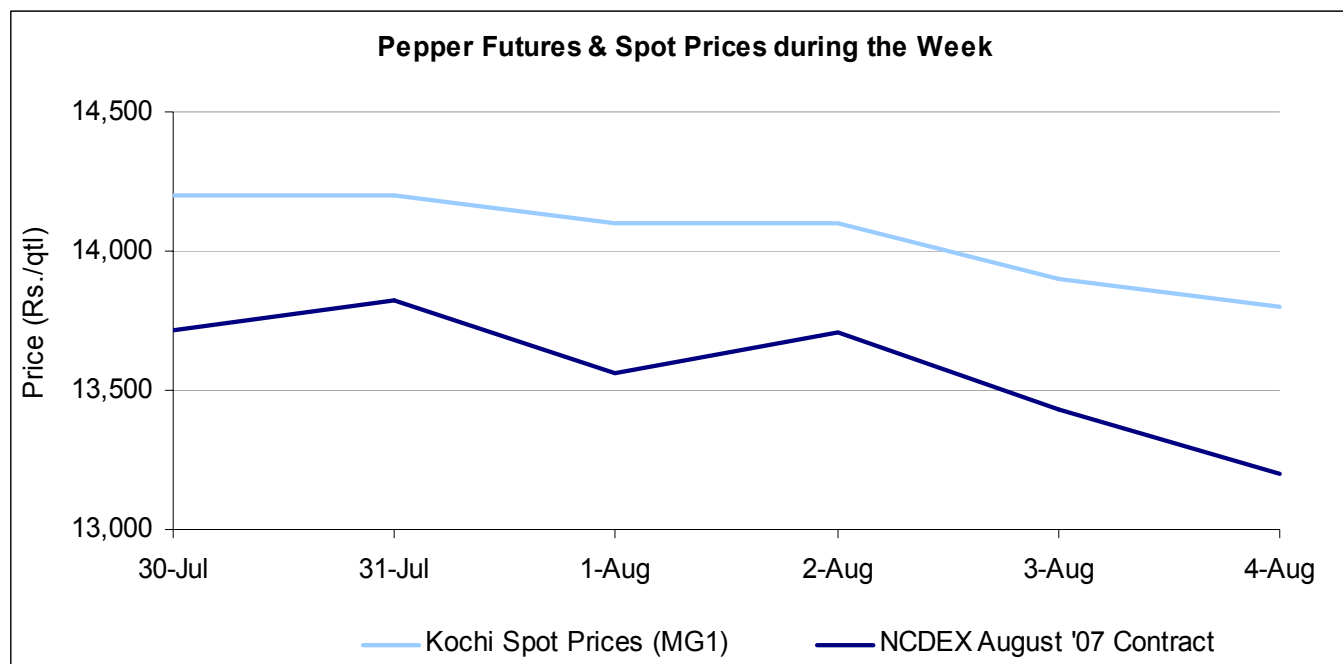
Source: Spice Board of India

Fundamental Analysis:

Pepper:

A Brief Weekly Analysis of Pepper Spot and Futures Trading

The graph below is showing the pepper prices (MG 1) in Kochi market and the near-month August contract prices in NCDEX. The near-month August contract witnessed backwardation throughout the week. The difference widened through the week as futures prices declined sharper than spot prices. The August contract closed below the spot prices by Rs. 600 on Saturday.



Movement of Garbled and Ungarbled prices at Kochi during the week (Rs/quintal):

Pepper	7/30/2007	7/31/2007	8/01/2007	8/02/2007	8/03/2007	8/04/2007
Ungarbled	13600	13600	13500	13500	13300	13200
Garbled	14200	14200	14100	14100	13900	13800

Domestic black pepper markets remain on an average weak owing to subdued demand. Prices though remain within a narrow range, but declined through the week. Demand, both domestic as well as overseas remain weak. Overseas buyers are on the sideline eyeing further decline in prices. All eyes are on the new crop from Indonesia and Brazil, estimates of which vary widely at present. Brazilian new crop is slowly entering the market, however; unlikely to come in a big way before September. Indian pepper prices continue to remain competitive in the global market. Competitiveness of Indian pepper has in turn helped to ship more of the commodity in the recent past and is expected to achieve the fiscal year target. Traders are reporting presence of some export demand at

lower price levels, which is providing the underlying support to the market. Prices are likely to find support at lower price levels on expectation of improvement in demand at lower price levels as well as tight supply situation prevailing in the global market.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	July 23-28	July 30-Aug04
Golden Unpolished	146-150	142-147
No. 11.5	170	165-170
No. 12	180-185	175-185

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric prices for the week ended 4th August 2007 were traded firm during the initial days of the week and there after were traded weak at all the major spot markets. Turmeric prices are likely to trade slightly firm on reports of good export advices from the Gulf countries for the Nizamabad variety. Turmeric exports for during the month of April-June 2007 stood at 14,750 tonnes valued at Rs.4,473.75 lakh marginally down by 0.94 percent as compared to same period year ago where as imports during the first quarter of the current fiscal 2007-08 have come down by 22 percent as compared to year ago. Almost 95 percent of sowing is completed for the next season and is likely to remain low by 20-25 percent all over India due to low price fetched in the auctions.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	July 23-28	July 30-Aug04
Loose Finger	2200-2250	2125-2250
Loose Gattah	2000-2150	2000-2150

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	July 23-28	July 30-Aug04
Finger	1960-2200	1950-2150
Gattah	1860-1980	1925-1980

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	July 23-28	July 30-Aug04
Nizamabad Finger	2400	2300-2400
Erode Finger Mini Selam	2850	2750-2850
Erode Single Polish Gattah	2400	2300-2450
Selam Finger	4100	4000-4100

Cumin (Jeera):

Domestic jeera markets remain on an average quiet on lack of any significant developments in its fundamental aspects. Prices moved in a narrow range owing to slightly higher offtake amid mostly steady arrivals. According to trade sources, presence of some export demand is supporting the prices to a greater extent. Moreover, domestic demand has also slowly started improving and likely to improve further towards August end. Exports of jeera during the first quarter of current fiscal year were gloomy. However, the situation is likely to improve in the near future due to lower price tag of Indian jeera and global supply shortage. Global jeera production is expected to fall short of demand on lower production in Syria, Turkey.

Moreover, domestic production has also declined due to reduced acreage and unfavourable weather condition.

Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	July 23-28	July 30-Aug04
FAQ	2460-2580	2460-2550
Ganesh	2580-2680	2600-2670
M/c. Cleaned	2760-2880	2760-2870

Jeera Prices in Delhi Market

(Rs./kg)

Grade	July 23-28	July 30-Aug04
Ganesh New	130.5-131.5	123-129.5
FAQ	122.5-123.5	121-121.5
M/c. Cleaned	130.5-131.5	129-130

Red Chillies:

Chilli prices at Guntur spot market were traded firm by Rs.200 per quintal for the week ended 4th August 2007. Prices for the commodity surged mainly due to reports of floods at Bangladesh and China amidst heavy rains causing water logging at Andhra Pradesh, India's largest chilli growing regions. Chilli exports during the first quarter of this financial year 2007-08 is around 52000 tonnes valued Rs.288.50 crores against 23715 tonnes valued Rs.104.76 crores of last year 2006-07. Export demand from Bangladesh, Malaysia and Sri Lanka is anticipated to remain active. Pakistan too is likely to import chilli from India as its crop has been damaged due to floods in the southern region.

Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	July 23-28	July 30-Aug04
LCA 334 Cold Storage	3600-4400	3800-4500

Cardamom:

Cardamom prices at the auctions were traded steady as against week ago. Local demand for the commodity is likely to remain subdued and would attract buyers once the festive season starts in country. However the demand for the commodity from the overseas market will gain its pace once the good quality new crop hits market by first week of September. Cardamom (Small) import has come down by 44% during the first quarter of the fiscal year 2007-08. Exports for cardamom (small) during the month of June 2007 increased significantly by 59.09 % to 35 tons valued at Rs.113.75 lakh.

Cardamom Auction Prices in Nedukandam

(Rs. /kg)

Grade	July 28	Aug 04
7 mm	Closed	Closed

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a bearish note and extended the weakness further. The futures tested this week's low on Saturday and finished the week at a much lower level. MCX August contract traded in the range of Rs. 12,806-13,400 during the week with thin volume and mostly steady open interest. NCDEX September contract traded in the range of Rs. 13,430-14,315 during the week with higher volume and increasing open interest.

PRICE DRIVERS:

- Global supply shortage is estimated at 47,500 tonnes in 2007
- Weak domestic as well as overseas demand
- Export up 40 per cent in quantity and 137 per cent in value during April-June 2007

OUTLOOK:

Short Term (1 Week): Slightly bearish on weak overseas demand; may find support at lower price levels

Medium Term (1 Month): Slightly firm on expected overseas demand, lower global production

Long Term (3 Months): Firm as global demand exceeds supplies

NCDEX Black Pepper September Contract

Support-1	13250	Support-2	13000
Resistance-1	14085	Resistance-2	14315

Strategy	Hold short position with caution; book profits near support levels
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Commodity: Jeera (Cumin)

Jeera futures started the week at a lower level and tested this week's low on Monday. The futures recovered during mid-week only to slide again on profit taking. MCX August contract traded in the range of Rs. 10,057-10,800 during the week with moderate volume and higher open interest. NCDEX September contract traded in the range of Rs. 11,892-12,555 during the week with higher volume and declining open interest.

PRICE DRIVERS:

- Near month open position limit revised upwards
- Lower domestic and global production
- Export down 51% in quantity and 24% in value during April-June 2007
- Subdued physical market demand

OUTLOOK:

Short Term (1 Week): Slightly firm on improved overseas demand at lower price levels

Medium Term (1 Month): Moderately firm on lower output, expected overseas demand

Long Term (3 Months): Firm on global production shortfall

NCDEX Jeera September Contract

Support-1	11892	Support-2	11750
Resistance-1	12530	Resistance-2	12675

Strategy	Go long at dips towards support levels.
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Commodity: Chilli

Chilli futures prices at NCDEX witnessed mixed trend and volatile trade for the week ended 4th August 2007. The most active September futures after testing fresh lows since one month during the initial day of the week at Rs.3,863. A small correction on profit booking was witnessed during the midweek. However, towards the weekend the contract surged significantly to witness high at Rs.4,470 underpinned by fresh buying support. Both volumes and open interest were at their highest since the contract inception.

PRICE DRIVERS:

- Good export demand from Bangladesh and Sri Lanka
- Water logging at chilli fields of Andhra Pradesh due to excess rains
- Unconfirmed reports of damage of crops at China, Bangladesh and Pakistan due to floods
- Rise in acreage in major growing areas

OUTLOOK:

Short Term (1 Week): Firm on likely crop damage due to water logging

Medium Term (1 Month): Firm on good export demand

Long Term (3 Months): Range bound to firm on expected global supply shortage

NCDEX Chilli September Contract

Support-1	3921	Support-2	3774
Resistance-1	4717	Resistance-2	4923

Strategy	Remain long, buy on corrective dips
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WEATHER WATCH:

Forecast for next 5 days

Models predictions suggest that a low pressure area is likely to form over northwest Bay of Bengal during next 24 Hrs. and become well marked. Under the influence of its expected slow movement in west-northwest direction monsoon is likely to revive and rainfall activity will enhance with isolated heavy to very heavy fall over Orissa, north Andhra Pradesh and Chhattisgarh during 5-7 August. Subsequently, the rainfall belt is likely to shift to Madhya Pradesh, Madhya Maharashtra, Konkan & Goa, Gujarat State and south Rajasthan with west-northwestward movement of the system. Present heavy rainfall along west coast of India may continue and enhance during next 3-4 days.

A westerly trough lies over northwest India; it is likely to move eastwards direction during next 48 hrs. Under its influence fairly widespread rainfall is likely over northwest India except West Rajasthan.

Rainfall activity is likely to decrease over northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar and East Uttar Pradesh from tomorrow onwards.

Models also predict for development of a middle level cyclonic circulation over NE Arabian Sea and adjoining Gujarat coast during 6-7 August 07.

Zone-wise weather forecast

NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Fairly widespread rain is likely over entire region during next 2 days.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

Fairly widespread rainfall is likely over east U.P., Bihar and NE States during next 24-48 Hrs. and reduces thereafter.

Widespread rainfall with isolated heavy to very heavy fall is likely over Orissa, Gangetic West Bengal and Jharkhand during next 3-4 days then decrease thereafter.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Wide spread rainfall with isolated very heavy fall is likely over Chhattisgarh and M. P. during 6- 7 August.

Scattered rainfall is likely over Vidarbha during next 24 hrs then increase further.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Widespread rainfall with isolated very heavy fall is likely over coastal A.P. and Coastal Karnataka during next 3 days.

Fairly widespread rainfall is likely over interior Karnataka, Kerala and Lakshadweep.

Scattered rainfall is likely over Rayalseema, Tamilnadu and Pondichery.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Widespread rainfall with isolated heavy fall is likely over Konkan & Goa, Gujarat, East Rajasthan, Madhya Maharashtra and Marathwara during 6-8 August.

Isolated rainfall is likely over West Rajasthan during 3 days, then increase thereafter.

Source: NCMRWF, GOI

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