

## SPICES

August 13-18, 2007

### Overview:

- Black Pepper Extended Previous Weakness Further
- Domestic Jeera Market Weak on Lack of Buying Support
- Chilli Remain Sluggish; Turmeric Witness Mixed Trend
- Cardamom Traded Firm Eyeing Festive Demand
- Spices Export Likely to Touch \$1 billion by 2009

### Spices: Domestic Spot Prices for the Week Ending 11.08.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week ( 11.08.07)	Price (Rs/Kg) For the Week ( 04.08.07)	Last Month Same Week (Rs/Kg) (14.07.07)	Last Year Same Week (Rs/Kg) ( 13.08.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	135.50	140.50	142.33	100.50
Cardamom (Small)	(Auction Price ) Ungraded	Vandanmedu	428.51	396.24	404.29	267.32
Cardamom (Large)	Bada Dana	Gangtok	115.00	112.50	116.25	136.25
Chilli	Cold storage	Guntur	43.00	41.80	44.00	47.00
Ginger	Best	Cochin	48.00	48.00	48.00	62.00
	Medium	Cochin	43.00	43.00	43.00	52.00
	Alleppey finger (AFT)	Cochin	24.00	24.00	24.00	45.00
Turmeric	Rajapuri	Mumbai	54.50	54.50	53.50	55.50
	Nizamabad	Mumbai	23.75	23.75	22.75	26.13
Coriander	Indori 5%	Mumbai	42.75	43.50	37.50	29.75
Cumin	1%	Mumbai	119.38	118.75	115.63	81.25
	4%	Mumbai	103.13	103.13	96.25	76.25
Clove		Cochin	240.00	240.00	240.00	346.67
		Nagarcoil	230.00	240.00	240.00	330.00

Source: Spices Board of India

## Spices: International Spot Prices for the Week Ending 10.08.2007:

Spice	Origin/Grade	Market	Price For the Week (10.08.07) (US\$/KG)	Price For the Week (04.08.07) (US\$/KG)	Last Month (13.07.07) (US\$/KG)	Last Year Same Week (11.08.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.21	4.21	4.26	2.43
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	14.26	14.14	14.15	9.13
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	1.74	1.79	1.83
Garlic	Chinese	New York	2.14	2.14	2.14	2.84
Coriander	Canada	New York	1.06	1.06	1.06	0.77
Cumin	Syrian	New York	3.64	3.64	3.26	2.21
	Indian	New York	3.64	3.64	3.31	2.25
Fennel	Indian (ASTA)	New York	1.57	1.57	1.50	2.01
	Egyptian	New York	1.61	1.61	1.50	1.65
Fenugreek	India/Turkey	New York	1.08	1.08	1.08	0.82
Clove	Mad/Zanz/Com/ Indo	New York	4.30	4.30	4.30	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

### Spices Export Likely to Touch \$1 billion by 2009

Export of Spices is expected to touch \$1 billion by 2008-09 on higher demand for chilli, cumin and mint products, according to Spices Board chief VJ Kurian.

The country's export of spices is likely to increase by 10% to \$ 875 million in 2007-08 as compared to previous year.

The country aims to be a global processing hub and plans to set up 6-7 spice parks in major growing centres and regional quality control laboratories at Guntur, Mumbai, Chennai and Delhi.

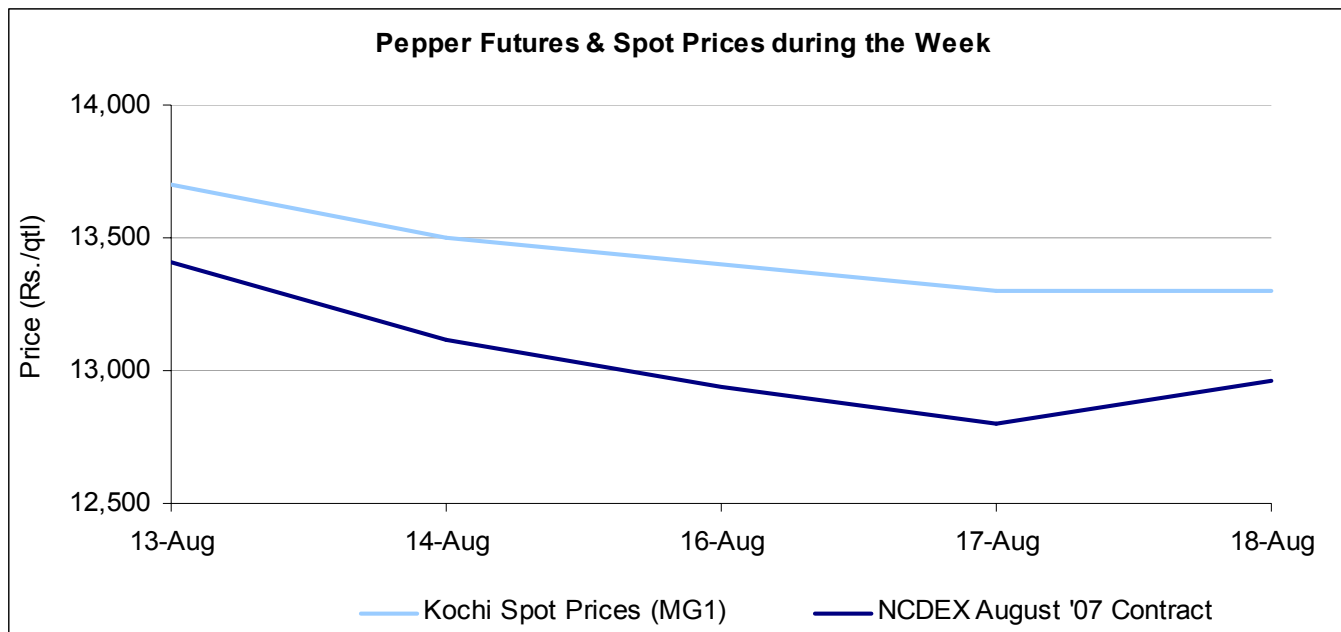
The Spices Board is planning to apply for the Geographic Indication (GI) status for Sannam chillies and Tellicherry pepper. It has already filed for GI registration of Malabar pepper, Alleppey green cardamom and Coorg green cardamom.

## 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 until weekend as futures prices declined sharper than spot prices. However, the difference narrowed down at weekend as futures prices improved against a steady spot price. The August contract closed below the spot prices by Rs. 339 on Saturday.



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

Pepper	08/13/07	08/14/07	08/15/07	08/16/07	08/17/07	08/18/07
Ungarbled	13100	12900	Closed	12800	12700	12700
Garbled	13700	13500	Closed	13400	13300	13300

Domestic black pepper markets continue the bearish trend due to active sellers at the market. Prices after quoting higher at the beginning of this week started declining on bearish overseas advices. Prices in most of the major producing regions have reportedly declined eyeing the fresh harvest of Indonesia and Brazil. The production in Indonesia and Brazil this season would have a greater bearing on the prices in the next 2-3 months. While any increase in production in Indonesia and Brazil would have a bearish impact over global pepper prices; the reported decline in Vietnam's production would remain supportive. Overseas buyers preferred to be on the sideline eyeing further decline in prices. Indian pepper remains highly competitive in global markets

after the recent decline, albeit export demand is not encouraging at present. Domestic black pepper prices are likely to extend the weakness a bit further, but would find support as demand is expected to improve at lower price levels.

#### Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	Aug 06 - 11	Aug 13 - 18
Golden Unpolished	140-142	140-144
No. 11.5	165	165
No. 12	175-180	175-180

Note: Prices are in Rs. per Kg.

## Turmeric:

Turmeric prices during the week traded in mixed sentiments at Nizamabad. The prices at the other mandis were traded steady. However the price for the commodity during the days ahead for a medium term is anticipated to trade firm as active buying from the stockists during the festive season as well as overseas advices from the Japan as well as the Gulf countries is likely in the market. Sowing is almost completed at most of the regions in the country except some places at Tamil Nadu where it is still going on. At Andhra Pradesh, one of the major growing areas of turmeric the acreage is likely to be low by 25-30 percent as compared to previous crop season.

### Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Aug 06 - 11	Aug 13 - 18
Loose Finger	2125-2175	2100-2200
Loose Gattah	2050-2150	2000-2050

### Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Aug 06 - 11	Aug 13 - 18
Finger	2030-2070	2025-2075
Gattah	1925-1970	1920-1975

### Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	Aug 06 - 11	Aug 13 - 18
Nizamabad Finger	2400	2400-2425
Erode Finger Mini Selam	2850	2850-2875
Erode Single Polish Gattah	2450	2450-2475
Selam Finger	4100	4100-4125

## Cumin (Jeera):

Domestic jeera markets witness some weakness after remaining rangebound for last couple of weeks. Prices declined to a lower range as arrivals improved through the week with offtake remaining mostly steady. Trading activity increased after weather conditions improved over major trading centres in Gujarat. Traders reported lack of buying support as the major reason behind the decline in prices. Moreover, the weakness in domestic jeera futures counter has also weighed down on the physical markets. Jeera exports in the past few months were lower as compared to a year ago. However, the unit value realisation has increased significantly during the same period. Export is likely to improve in near future given the lower supply situation globally.

## Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	Aug 06 - 11	Aug 13 - 18
FAQ	2490-2570	2400-2570
Ganesh	2630-2630	2540-2690
M/c. Cleaned	2790-2890	2700-2890

## Jeera Prices in Delhi Market

(Rs./kg)

Grade	Aug 06 - 11	Aug 13 - 18
Ganesh New	123.5	122.5-124
FAQ	122	121-122.5
M/c. Cleaned	131.5	130.5-132

## Red Chillies:

Domestic chilli trade was sluggish during the week. The prices were between 4000-4600 at the Guntur market of Andhra Pradesh. Daily arrivals were steady with low offtake towards the weekend. Local demand remained subdued during the week. Active export demand from Bangladesh supported the steady prices. Export advices from Sri Lanka and Malaysia lacked luster as compared to week ago. However, the export demand is likely to gain momentum after the mid September as the output from overseas producers like Pakistan and China is likely to be low. Crop from China is likely to hit the market from last week of September. Sowing activity is being carried out at most of the places at Northern as well as Guntur regions at Andhra Pradesh.

## Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	Aug 06 - 11	Aug 13 - 18
LCA 334 Cold Storage	3800-4500	4000-4600

## Cardamom:

Opening steady, prices for cardamom during the week were quoted firm by Rs.20-25 per kg for the new crop. Active buying is seen from all over India for the festive season ahead and especially from Southern states like Chennai and Kerala. Firm demand from south India is due to Onam festival during the last week of August and hence the prices are likely to remain firm. Export demand is anticipated from the Gulf countries during the mid September once the fresh crop as per required quality hits the market. According to a Spice Board official during its meeting early this month held at Kumily the output at Guatemala for the year 2007-08 is likely around 22000-24000 tonnes less by 2000 tonnes as compared to 26000 tonnes during the year 2006-07.

## Cardamom Auction Prices in Nedukandam

(Rs. /kg)

Grade	Aug 11	Aug 18
7 mm	Closed	Closed

## Futures Market (NCDEX):

### Commodity: Black Pepper

Black pepper futures surge up at the beginning of the week and reached week's high on Tuesday. However, the futures immediately ran into selling pressure and traded downwards thereafter to finish the week at a lower level. MCX September contract traded in the range of Rs. 12,800-13,380 during the week with lower volume as well as open interest. NCDEX September contract traded in the range of Rs. 12,838-13,766 during the week with declining volume as well as open interest.

#### PRICE DRIVERS:

- Weak domestic and global demand
- Reported decline in global pepper prices
- Brazil crop arrivals started at a slow pace
- Global supply shortage is estimated at 47,500 MT in 2007

#### OUTLOOK:

**Short Term (1 Week):** Slightly bearish on weak domestic and overseas demand

**Medium Term (1 Month):** Slightly bullish on expected overseas demand improvement

**Long Term (3 Months):** Bullish as global pepper supply in deficit this year

NCDEX Black Pepper September Contract			
Support-1	12680	Support-2	12305
Resistance-1	13775	Resistance-2	14150
Strategy	Sell at rallies towards resistance		

### Commodity: Jeera (Cumin)

Jeera futures started the week with a firm note and extended the advances to test this week's high on Tuesday. However, the futures slide on increased selling pressure and finished the week at a much lower level. MCX September contract traded in the range of Rs. 10,250-10,925 during the week with lower volume as well as open interest. NCDEX September contract traded in the range of Rs. 11,725-12,336 during the week with declining volume as well as open interest.

#### PRICE DRIVERS:

- Lack of buying support amid weak demand
- Arrivals increasing as weather condition improve
- Lower global as well as domestic production

#### OUTLOOK:

**Short Term (1 Week):** Slightly weak on lack of buying support

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

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

NCDEX Jeera September Contract			
Support-1	11550	Support-2	11332
Resistance-1	12161	Resistance-2	12367
Strategy	Sell at rallies towards resistance		

### Commodity: Chilli

Opening firm NCDEX Chilli September futures traded range bound during the week. The contract during the initial days of the week witnessed a peak at Rs.4,588 and there after towards the weekend witnessed a low at Rs.4,375. The contract actively traded between Rs.4,552 and 4,433. The open interest dropped down as compared to week ago. Volumes were subdued during the week indicating lack of active participation in the market.

#### PRICE DRIVERS:

- Steady export demand from Bangladesh Sri Lanka and Malaysia.
- Lack of buying interest among the domestic buyers.
- Firm dollar as against Indian Rupee may support the exports.
- 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):** Rangebound to steady on lack of buying interest among the local buyers

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

**Long Term (3 Months):** Range bound to firm overseas crop failure.

NCDEX Chilli September Contract			
Support-1	4242	Support-2	4116
Resistance-1	4717	Resistance-2	4843
Strategy	Sell on every rise.		

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## WEATHER WATCH:

### Forecast for next 5 days

Western end of monsoon trough is running close to foot hills of Himalaya and eastern part passes trough Muzaffarpur, Asansol, Kolkata and thence southeastwards to east-central Bay of Bengal. Under this scenario fairly widespread rainfall with isolated heavy fall is likely along foot hills of Himalaya. Rainfall activity is likely to remain highly subdued over northwest, central and interior peninsular India during next 3 days.

At present, a north-south trough runs from north Bihar to Head Bay of Bengal. Under its influence, widespread rainfall with scattered heavy falls is likely over Sub-Himalayan West Bengal & Sikkim, north Bihar and NE States.

A cyclonic circulation is formed over Gangetic West Bengal and adjoining Bangladesh. It is likely to intensify as low pressure area by tomorrow. Widespread with isolated heavy to very heavy falls are also likely over Gangetic West Bengal, north Orissa and Jharkhand during 48 hrs.

Model predictions suggest that a westerly trough is likely to affect hilly region of NW India around 21 August.

### Zone-wise weather forecast

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

J&K, H.P. and Uttaranchal are likely receive scattered rains during 20-21 August.

Haryana, Delhi and west Uttar Pradesh are likely to experience isolated showers during the period.

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

Fairly widespread rainfall with isolated heavy fall is likely over West Bengal, Orissa, Jharkhand and NE States during next 2 days then decrease thereafter.

Scattered rainfall is likely over Orissa, Jharkhand, and Bihar during next 3 days then increase thereafter.

#### **CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]**

Isolated rainfall is likely over region during next 3-4 days. The rainfall activity may enhance from Chhattisgarh after 2 days.

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

Scattered rainfall is likely over Coastal Karnataka and Kerala during next 3-4 days.

Isolated rainfall is likely over Coastal A.P., Telangana, and Interior Karnataka during next 3 days.

Rainfall activity may increase over Rayalseema and Tamilnadu during next 3 days.

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

Fairly widespread rainfall is likely over Konkan & Goa and Madhya Maharastra.

Scattered rainfall is likely over Marathawara after 48 hrs.

Isolated rainfall is likely over rest of the region during next 3-4 days.

Source: NCMRWF, GOI

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