

SPICES

August 27-September 01, 2007

Overview:

- Black Pepper Prices Lower on Week Amid High Volatility
- Domestic Jeera Weaken Further on Subdued Demand
- Chilli, Cardamom Remain Rangebound during the Week
- Turmeric Market Firmed Up towards Weekend
- IPC: Pepper Import into Spain to Decline due to High Prices

Spices: Domestic Spot Prices for the Week Ending 25.08.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (25.08.07)	Price (Rs/Kg) For the Week (18.08.07)	Last Month Same Week (Rs/Kg) (28.07.07)	Last Year Same Week (Rs/Kg) (26.08.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	130.17	134.50	145.46	101.17
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	411.27	430.97	404.63	395.68
Cardamom (Large)	Bada Dana	Gangtok	115.00	117.50	111.25	136.25
Chilli	Cold storage	Guntur	43.80	43.00	41.00	55.00
Ginger	Best	Cochin	55.00	48.00	48.00	62.00
	Medium	Cochin	50.00	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	54.50	55.50
	Nizamabad	Mumbai	23.75	23.75	24.25	26.13
Coriander	Indori 5%	Mumbai	43.75	44.50	40.00	29.75
Cumin	1%	Mumbai	116.25	119.38	118.75	83.75
	4%	Mumbai	99.37	105.63	103.13	76.88
Clove		Cochin	240.00	240.00	240.00	328.33
		Nagarcoil	230.00	240.00	230.00	340.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 24.08.2007:

Spice	Origin/Grade	Market	Price For the Week (24.08.07) (US\$/KG)	Price For the Week (17.08.07) (US\$/KG)	Last Month (27.07.07) (US\$/KG)	Last Year Same Week (25.08.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.14	4.17	4.21	2.61
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	14.14	14.16	14.72	11.36
Chillies	Indian SANNM-4 (Stem less)	New York	2.21	2.21	2.21	2.03
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	1.74	1.85
Garlic	Chinese	New York	2.12	2.14	2.14	2.87
Coriander	Canada	New York	1.06	1.06	1.06	0.84
Cumin	Syrian	New York	3.64	3.64	3.64	2.25
	Indian	New York	3.64	3.64	3.64	2.32
Fennel	Indian (ASTA)	New York	1.57	1.57	1.57	2.01
	Egyptian	New York	1.61	1.61	1.61	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

IPC: Pepper Import into Spain to Decline due to High Prices

According to a latest released report by the International Pepper Community (IPC), Spain being one of the main consuming countries in Europe, imports around 8,000 metric tons (MT) of pepper each year.

During 2006, total import of pepper into Spain was 8,503 MT comprising of 7,990 MT of whole pepper and 513 MT of ground pepper, an increase of 6 per cent over previous year.

However, during the current year, quantum of import is expected to decline owing to high prices and limited supply from sources.

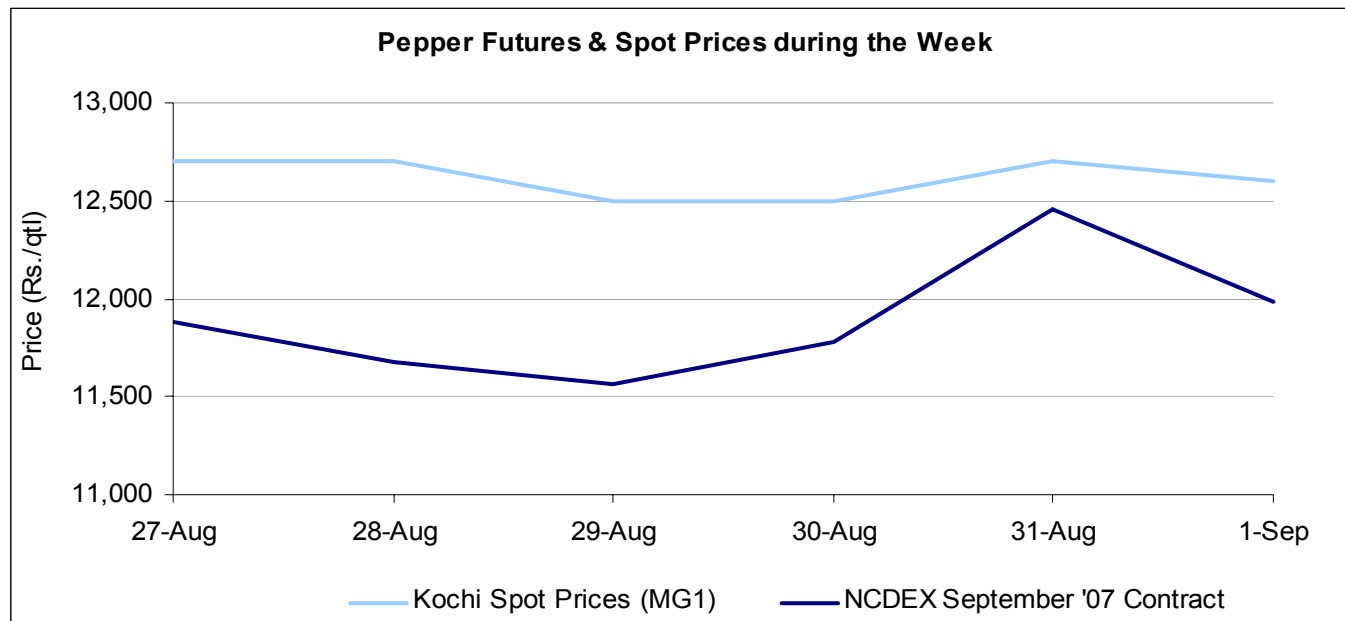
During January - April 2007, Spain imported around 1,853 MT of pepper comprising of 1,708 MT of whole pepper and 145 MT of ground pepper as against 1,911 MT comprising of 1,807 MT of whole and 104 MT of ground pepper imported during the corresponding period of last year. This was a decline of 3 per cent on year, the report added.

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 September contract prices in NCDEX. The near-month September contract witnessed backwardation throughout the week. The difference widened to above Rs. 1000 on Tuesday as futures prices declined sharper than spot prices. The difference narrowed down thereafter as futures prices improved considerably. The September contract closed below the spot prices by Rs. 614 on Saturday.



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

Pepper	08/27/07	08/28/07	08/29/07	08/30/07	08/31/07	09/01/07
Ungarbled	Closed	12100	11900	11900	12100	12000
Garbled	Closed	12700	12500	12500	12700	12600

Domestic black pepper remains volatile as prices after declining considerably till mid-week, started looking up towards weekend. Presence of some demand at lower price levels has provided the much needed support to the market and further decline in prices was capped. Moreover, talks that the Forward Markets Commission (FMC) is considering to raise the near month open position limit for pepper futures have also supported the market trend. Sharp rise in pepper futures prices from mid-week onwards added to the firmness. Despite a global supply shortage this year, pepper prices have declined considerably in the recent past eyeing the new harvest of Indonesia and Brazil. According to a recent report by the Pepper trade Board of Brazil, the weakness has been carried from Indonesia, which has reportedly harvested over

50 per cent of new crop and sold to local stockists and exporters. This may in turn result into complete harvesting within a short period of time, thus capping the recent downtrend. At the domestic front, sellers are not aggressive at present price levels and looking for the prices to inch up further.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	Aug 20 - 25	Aug 27 - Sep1
Golden Unpolished	138-142	127-135
No. 11.5	160-165	150-160
No. 12	170-180	170

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric prices during the week at the major spot market were traded slightly firm towards the week end by Rs.25-30 per quintal as compared to week ago. The arrivals were marginally weak at the centers. Export demand from Gulf countries was steady at Nizamabad. Demand from Japan is also reported to be active. Domestic demand was subdued for the commodity during the week and is likely remain weak in the absence of buying interest and ample of stock with the buyers. This is likely to suppress the prices to remain low for a medium term.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Aug 20 - 25	Aug 27 - Sep1
Loose Finger	2050-2200	2025-2100
Loose Gattah	2000-2100	2000-2050

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Aug 20 - 25	Aug 27 - Sep1
Finger	2000-2175	1950-2000
Gattah	1940-2050	1875-1925

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	Aug 20 - 25	Aug 27 - Sep1
Nizamabad Finger	2375-2450	2325-2350
Erode Finger Mini Selam	2900-2825	2775-2800
Erode Single Polish Gattah	3250-3175	2375-2400
Selam Finger	4150-4075	4025-4050

Cumin (Jeera):

Domestic jeera extends previous weakness further as prices declined considerably in major trading centres amid lack of buying support. However, some recovery was witnessed towards weekend on some buying interest at lower price levels. Moreover, some recovery at the jeera futures counter following sharp decline in the recent past also added to the physical market trend. Arrivals of crop from other producing nations like Syria and Turkey with lower price tag at international market has weighed down on the domestic market, traders reported. Though the long-term fundamentals for jeera remain firm with the supply shortage, both domestically as well as globally, the near-term outlook seems gloomy until demand improves considerably. Domestic demand is likely to improve ahead of the festive season in October.

Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	Aug 20 - 25	Aug 27 - Sep1
FAQ	2260-2460	2120-2280
Ganesh	2400-2580	2300-2410
M/c. Cleaned	2560-2780	2400-2610

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Aug 20 - 25	Aug 27 - Sep1
Ganesh New	117.5-122.5	110-115.5
FAQ	115.5-121	110-113.5
M/c. Cleaned	123.5-130.5	118-121.5

Red Chillies:

Domestic chilli prices at the Guntur auction during the week remained unchanged at Rs.4,000-5,000 per quintal amidst marginally low arrivals as against week ago. Out of the total arrivals around 2,000-4,000 bags (1bag = 40 kg) were exported to Bangladesh and 1,000 and 1,500 to Malaysia and Singapore respectively on regular basis. The active exports have been a supportive to factor for stable prices. Local demand is reported to be sluggish for the commodity. The price for the commodity for the week ahead is likely to remain at the same range. At Madhya Pradesh this season the crop size is likely to be good at around 40 lakh bags as compared to previous years 25 lakh bags as the acreage has increased by 30 % and yield is also expected to improve due to favourable weather condition required for the crop growth. The crop from this state is likely to hit the market from 15th October onwards.

Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	Aug 20 - 25	Aug 27 - Sep1
LCA 334 Cold Storage	4000-4600	4000-4500

Cardamom:

Cardamom prices at the auction during the week traded steady at the range of 480-490 for the 7 mm good coloured variety as compared to week ago. The arrivals and offtake were steady. The domestic buying interest lacked among in the market and failed to support any upmove in the prices. Export demand is likely to be seen from mid or last week of September onwards. Domestic buyers are likely to participate actively once the festive season commences. Price for the commodity is likely to trade in a same range with slight firmness during the days ahead due to low production for the season.

Cardamom Auction Prices in Nudukandam

(Rs. /kg)

Grade	Aug 25	Sept 01
7 mm	460-480	480

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures traded volatile during the week. After sharp decline at the beginning of the week, the futures curbed some losses during mid-week and tested week's high on Saturday only to run into profit taking. MCX September contract traded in the range of Rs. 11,005-11,903 during the week with thin volume and increasing open interest. NCDEX October contract traded in the range of Rs.11,654-12,955 during the week with increasing volume as well as open interest.

PRICE DRIVERS:

- Domestic sellers not active at present price levels
- Harvesting going on in Indonesia and Brazil
- Over half of the Indonesian new crop has been reportedly harvested
- Vietnam pepper output estimated 10-20% lower in 2007
- Global supply shortage is estimated at 47,500 MT in 2007

OUTLOOK:

Short Term (1 Week): Slightly firm upward technical correction and absence of sellers at present price levels

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 October Contract

Support-1	11475	Support-2	11000
Resistance-1	13156	Resistance-2	13629

Strategy	Buy at corrective dips toward support
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Commodity: Jeera (Cumin)

Jeera futures started the week with a weak note, but retraced back towards weekend. The futures tested week's high on Saturday only to run into selling pressure. MCX September contract traded in the range of Rs. 9,102-9,998 during the week with lower volume as well as open interest. NCDEX October contract traded in the range of Rs. 10,582-11,241 during the week with higher volume as well as open interest.

PRICE DRIVERS:

- Moderate buying support at lower price levels

- Offtake improving amid mostly steady arrivals
- Lower global as well as domestic production

OUTLOOK:

Short Term (1 Week): Rangebound on some buying interest at lower price levels

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

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

NCDEX Jeera October Contract

Support-1	10450	Support-2	10225
Resistance-1	11370	Resistance-2	11600

Strategy	Buy at corrective dips toward support
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Commodity: Cardamom

Opening and closing weak MCX Cardamom most active September witnessed a small upmove in prices during the mid week. The futures opened firm at Rs.521.5 and during the mid week witnessed a fresh low at Rs.504.5 since last two months. The Open interest gained slightly amidst low volumes as compared to week ago.

PRICE DRIVERS:

- Lack of Domestic buying interest
- Arrivals gaining its pace at the auctions
- Low production estimates for the season
- Anticipation of good export demand

OUTLOOK:

Short Term (1 Week): Rangebound to slightly weak in low buying interest

Medium Term (1 Month): Slightly firm on anticipation of good export.

Long Term (3 Months): Bullish as 30 % fall in production.

MCX Cardamom September Contract

Support-1	501.5	Support-2	496
Resistance-1	536.5	Resistance-2	545

Strategy	Buy on dips, and maintain the long position
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WEATHER WATCH:

Forecast for next 5 days

An off-shore trough has been continuously running from south Gujarat coast to Kerala coast for last 3 days. Model prediction suggest that the off shore trough is likely to persist and under its influence widespread rainfall with scattered heavy to very heavy falls is likely along the West coast during next 3-4 days.

At present an upper air cyclonic circulation lies over west-central and adjoining coastal areas of Andhra Pradesh. Model prediction further suggests the circulation to intensify into a low pressure area during next 24-48 Hrs. Under its influence fairly widespread rainfall with isolated heavy falls is likely over Andhra Pradesh during next 48 hrs. Subsequently the rainfall activity is likely to extend into Orissa, Chhattisgarh and Jharkhand during 2nd to 4th September.

At present the axis of the monsoon trough passes through Bikaner, Jaipur, Shivpuri, Chamba, Puri, and thence southeastwards to East-Central Bay of Bengal.

Zone-wise weather forecast

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

Uttaranchal, Haryana, Delhi and west Uttar Pradesh are likely to receive scattered to fairly widespread showers during next 24-36 Hrs.

J&K and H.P. are likely to experience scattered shower with isolated heavy falls during next 24-48 Hrs

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

Fairly widespread rainfall with isolated heavy fall is expected over Sub-Himalayan West Bengal and NE States.

Scattered rainfall is likely over Bihar and East U.P. Isolated rainfall is likely over rest of region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated to scattered shower are likely over Vidarbha during 24hrs and increase thereafter. Rest region is likely to experience isolated showers.

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

Fairly widespread to widespread rainfall is likely over Coastal Karnataka, Kerala, Lakshadweep and Andaman & Nicobar Islands.

Scattered rainfall activity is also likely over Tamilnadu and Rayalseema.

Isolated rainfall is likely over rest of the region.

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

Fairly widespread rainfall with isolated heavy fall is likely over Konkan & Goa, Madhya Maharastra, Gujarat and Saurashtra.

Isolated rainfall over rest of the region.

Source: NCMRWF, GOI

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