

SPICES

September 24 - 29 , 2007

Overview:

- Black Pepper Prices sagged during the week to close lower by Rs. 200/ql
- Domestic Jeera demand lacked luster inspite of festive season
- Cardamom prices improved on festive demand after an initial decline
- Chilli and Turmeric remained rangebound.
- IPC: Indian pepper markets sluggish, while prices ruled steady to firm in the international markets

Spices: Domestic Spot Prices for the Week Ending 22.09.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (22.09.07)	Price (Rs/Kg) For the Week (15.09.07)	Last Month Same Week (Rs/Kg) (24.08.07)	Last Year Same Week (Rs/Kg) (23.09.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	124.33	125.67	130.17	132.00
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	402.51	398.63	411.27	373.44
Cardamom (Large)	Bada Dana	Gangtok	113.75	-	115.00	128.75
Chilli	Cold storage	Guntur	42.20	43.80	36.60	61.20
Ginger	Best	Cochin	55.00	55.00	48.00	65.00
	Medium	Cochin	50.00	50.00	43.00	55.00
	Alleppey finger (AFT)	Cochin	24.00	24.00	24.00	45.00
Turmeric	Rajapuri	Mumbai	53.50	53.50	54.50	55.50
	Nizamabad	Mumbai	23.25	22.75	23.75	26.88
Coriander	Indori 5%	Mumbai	41.75	42.75	43.75	29.25
Cumin	1%	Mumbai	110.63	111.25	116.25	91.00
	4%	Mumbai	101.25	101.25	99.37	85.00
Clove		Cochin	240.00	240.00	240.00	320.00
		Nagarcoil	230.00	240.00	240.00	320.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 23.09.2007:

Spice	Origin/Grade	Market	Price For the Week (21.09.07) (US\$/KG)	Price For the Week (14.09.07) (US\$/KG)	Last Month (24.08.07) (US\$/KG)	Last Year Same Week (22.09.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	3.88	3.92	4.14	3.53
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	14.09	14.12	14.14	11.24
Chillies	Indian SANNM-4 (Stem less)	New York	2.21	2.21	2.21	2.16
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	1.96	1.96	2.12	2.87
Coriander	Canada	New York	1.32	1.19	1.06	0.84
Cumin	Syrian	New York	3.53	3.64	3.64	2.47
	Indian	New York	3.64	3.64	3.64	2.56
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	4.08	4.08	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: Indian pepper markets sluggish, while prices ruled steady to firm in the international markets

Black Pepper: The market continued to be quiet during the week. In India, there was trading activity at the Commodity Exchange particularly for November contract. Prices at local market were relatively stable compared to last week, but in dollar terms, increased by 1% due to weakening USD against local currency. The spot price of ungarbled black pepper at Kochi eased during the week from

Rs 11,800 per quintal to RS.11,700 at the week's close. In Lampung, average local prices were stable at around IDR.25,000 per kg. In Vietnam, prices were reported stable. At Daklak, prices for raw material were VND 46,000 per kg this week. In Sri Lanka, price stayed at SL.Rs.329 per kg this week. In Sarawak, market was also quiet and prices eased marginally both for local and FOB. Local price for Sarawak black was MYR 9,295/ton down from MYR 9,360 at beginning of the week. In dollar terms,

however, average local prices of Sarawak black was stable.

White Pepper: In Bangka, local prices eased by around IDR 1,000 from IDR 39,000 per kg last week. In Sarawak, white pepper prices at local market also

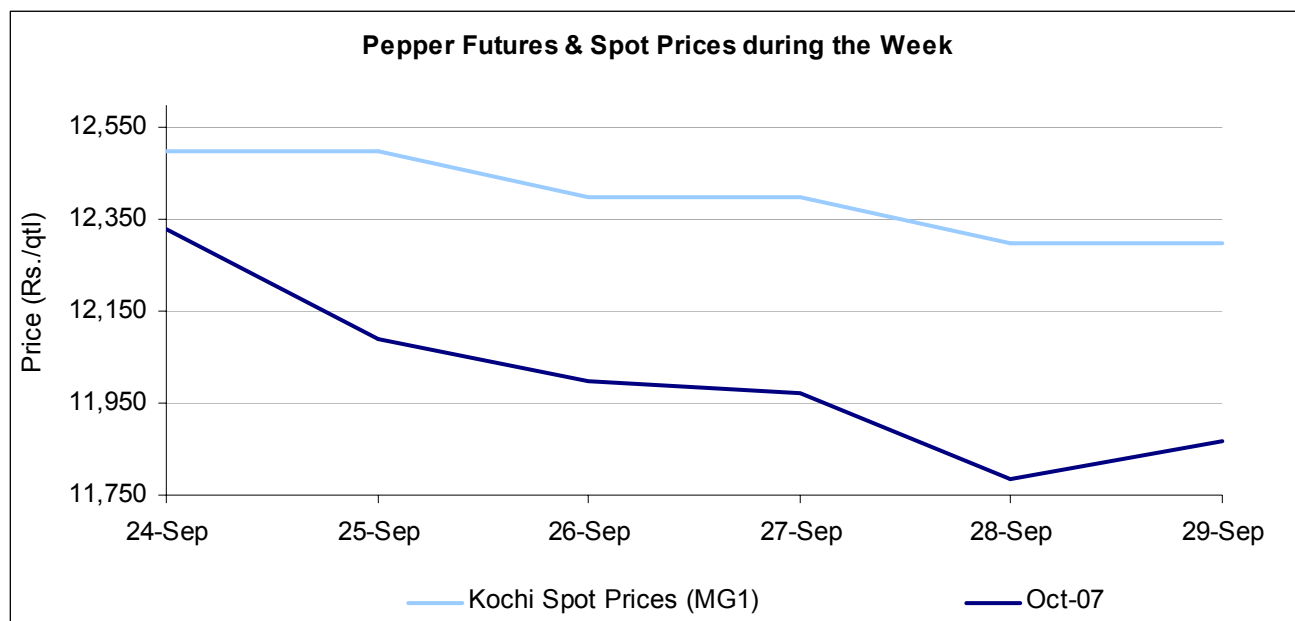
eased marginally from MYR 14,684/ton to MYR 14,658/ton at the week's close. In dollar terms however, the price was up by 1% compared to last week. FOB price was stable at USD 5,400/ton this week. In Hainan, China, local and FOB prices eased by around 2% to USD 4,320/tonne and USD 4,520/ton respectively.

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 October contract prices in NCDEX. The near-month October contract witnessed backwardation throughout the week. The prices moved more or less parallel to each other. The difference was minimum on Monday and gradually widened to reach its maximum on Friday, with a more obvious crash at the futures counter. Spot prices remained steady on Saturday, while the futures counter improved slightly.



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

Pepper	09/24/07	09/25/07	09/26/07	09/27/07	09/28/07	09/29/07
Ungarbled	11900	11900	11800	11800	11700	11700
Garbled	12500	12500	12400	12400	12300	12300

After an initial decline of Rs. 100/qtl, pepper markets remained steady on the lower side during the week despite the international market remaining steady to firm. The domestic market remained sluggish, contrary to the expectations, despite the ensuing festival season and the onset of winter. Prices in Brazil and Indonesia, where harvesting is on, were ruling above Indian pepper. Vietnam is not an aggressive seller at present, leaving Indian exporters at an advantage. Availability in the world market

continues to remain tight. Most consuming countries are reported to have adequate supplies. The farm-grade pepper is short in supply in the spot market and invalid pepper stocks with major commodity exchanges are finding their way into the spot market, following the rising demand for the spice. Heavy and untimely rains in the pepper growing tracts pose the threat of huge crop losses. The reported fall in production is close to 20% in Wynad district, major pepper producing region in Kerala. Spices Board data

say that pepper exports during April-August was 43% of the targeted export of 2007-08 in terms of quantity. India exported 12,900 tonnes of pepper valued at Rs. 183.40 crores during April-August 2007 as against the 9,853 tonnes valued at Rs. 81.99 crores in the previous year, up 31% on year in quantity and 124% in value terms. Pepper exports in August alone were 2,800 tonnes valued at Rs. 40.88 crores at a rate of Rs. 146/kg, up 2.6% in terms of quantity and 7.4% in terms of value as compared to the exports in the same period last year.

Turmeric:

Opening steady, turmeric prices at the benchmark Nizamabad market is declined towards the weekend due to slump in prices witnessed at the futures counter. Arrivals and offtake continued to remain steady. Domestic demand was reported to be steady however ample of stock at the markets failed to support upmove in prices. Overseas advices from the traditional buyers from Gulf countries and Japan were active and are likely to gain its momentum during the days ahead. As per the latest spice board report turmeric export during the period April- August 2007 gained marginally to 22,550 tonnes valued at Rs.6843.75 lakhs as against last year same period. And up till August 2007 India has achieved 45 % of its export target for the year 2007-08. Meanwhile recent spell at the turmeric growing areas of Andhra Pradesh is likely to improve the yield of the commodity. Prices for the commodity during the days ahead is likely to trade rangebound to steady and buying is likely at the lower price levels thereafter.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Sep17 - 22	Sep24 - 29
Loose Finger	2100-2150	2100-2150
Loose Gattah	2000-2050	2000-2050

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Sep17 - 22	Sep24 - 29
Finger	1920-1975	1925-1975
Gattah	1850-1890	1840-1890

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	Sep17 - 22	Sep24 - 29
Nizamabad Finger	2300	2300-2500
Erode Finger Mini Selam	2750	2750-2850

Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Sep17 - 22	Sep24 - 29
Golden Unpolished	132-133	131-133
No. 11.5	150	150
No. 12	150	150

Note: Prices are in Rs. per Kg.

Erode Single Polish Gattah	2350	2350-2450
Selam Finger	4000	4000

Cumin (Jeera):

Jeera prices at the domestic Unjha market during the week ended 29th September 2007 witnessed a sluggish trade. The prices for the commodity recovered marginally during mid week by Rs.20 per 20 kg and thereafter bounced back to the opening levels. Daily arrivals declined to 1500 bags during the mid week however towards the weekend improved marginally. The domestic demand inspite of festive season failed to attract the buyers; due to this the farmers are reluctant to sell their output. However, demand is likely to emerge at lower price level as buyers are eyeing further fall in prices. Overseas demand for jeera is reported to be sluggish and failed to support any upmove in prices. Meanwhile the exports during the month of August 2007 declined by 16.35 % and stood at 2250 tonnes valued at Rs.2475 lakhs as against August 2006. Prices are likely to trade rangebound to slightly weak during the days ahead due to lack of buying interest.

Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	Sep17 - 22	Sep24 - 29
FAQ	2090-2150	2150-2190
Ganesh	2290-2370	2350-2410
M/c. Cleaned	2370-2530	2430-2570

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Sep17 - 22	Sep24 - 29
Ganesh New	109.5-110	108-110
FAQ	109.5-110	108-110
M/c. Cleaned	117.5-118	116-118

Red Chillies:

Chilli prices at the Guntur markets improved slightly by Rs.100 per quintal for the week ended 22nd September 2007. The arrivals and offtake during the week were low as against week ago due to rains disrupting the smooth transportation of commodity to

the market yard. Chilli growing areas of Andhra Pradesh, Tamil Nadu and Karnataka are receiving continuous rainfall due to this the replantation at Andhra Pradesh is likely to be delayed as normal weather conditions are required during this process. Steady rainfall for the days ahead is likely to delay the arrivals of the crop from Madhya Pradesh and Karnataka. Domestic demand for the commodity during the week remained subdued and is likely to remain steady however overseas demand from Bangladesh, Sri Lanka and Malaysia is reported to be steady and improve further due to Ramzan festival. The prices for the commodity are likely to trade rangebound for the days ahead due to steady export demand amidst ample of stock level at around 31 - 32 lakh bags (1 bag= 40 kg) at Andhra Pradesh whereas around 15 lakh bags at Tamil Nadu (1bag = 20 kg).

Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	Sep17 - 22	Sep24 - 29
LCA 334 Cold Storage	3800-4400	3900-44002

Cardamom:

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures traded weak during the week. NCDEX November contract opened firm at Rs. 12245/qtl and after trading firm on Monday, slumped steadily to test the week's low of Rs. 11842/qtl on Friday. The contract traded volatile in a thin range on Saturday to close at Rs. 11973/qtl. Volumes traded and open interest of the contract surged during the week. MCX October contract opened firm at Rs. 12050/qtl and traded up initially to test the week's high of Rs. 12150/qtl on Tuesday. The prices slumped towards the close of the week on inactivity and the contract closed at Rs. 11651/qtl. Volume and open interest were lower as compared to the previous week.

PRICE DRIVERS:

- Domestic sellers not active at present price levels
- Harvesting going on in Indonesia and Brazil
- Vietnam pepper output estimated 10-20% lower in 2007
- Global supply shortage is estimated at 60,000 MT in 2007
- Brazil output lower than the estimated figure of 38000 tonnes by 10000 tonnes
- Weak overseas demand
- Indian pepper cheapest in the global market.
- Festive demand

OUTLOOK:

After an initial rise in prices, cardamom was quoted lower at the domestic auctions and remained steady thereafter. Good buying support amidst lower production in the current season, coupled with considerable fall in arrivals at major producing centres of Kerala has driven prices upward. Buyers from north India were active at the auctions on the ensuing Ramzan and Diwali festivals. Heavy and continuous rains in the cardamom growing regions of Kerala pose the threat of fungal and bacterial epidemic in the fields. Isolated plants were reported to have been infected with fungal rot. The earlier estimate of 25-30% of shortfall in production has been revised to 40-50%. The late crop this year has resulted in lower arrivals, which is almost half of the quantity compared to the corresponding period last season. Overseas demand is also expected to emerge by early October. This, along with the festive demand, amidst lower supplies is likely to maintain the market buoyant.

Cardamom Auction Prices in Pulianmalai

(Rs. /kg)

Grade	Sept 22	Sept 29
7 mm	480	500

Short Term (1 Week): Range-bound on weak of demand for the spice

Medium Term (1 Month): Slightly firm on expected overseas demand and festive demand

Long Term (3 Months): Bullish as global pepper supply deficit

NCDEX Black Pepper October Contract

Support-1	11842	Support-2	11580
Resistance-1	12589	Resistance-2	13035
Strategy	Sell on rallies towards resistance.		

Commodity: Jeera

NCDEX Jeera most active November futures continued the weakness in the prices. The contract opened at Rs.10,461 per quintal and surged marginally up to Rs.10,487 per quintal. During the mid week the futures tested fresh lows at Rs.9,650 per quintal on selling pressure and towards the weekend witnessed profit booking coming in. Both the volumes and open interest gained as against week ago and supported the fall in prices.

PRICE DRIVERS:

- Subdued domestic demand from local buyers
- Sluggish export demand.
- Low stock as compared to last year
- Low domestic output for the season

OUTLOOK:

Short Term (1 Week): Range bound to weak on subdued demand

Medium Term (1 Month): Rangebound on steady domestic and export demand anticipated at lower price level

Long Term (3 Months): Firm on lower output for the season and low stock position.

NCDEX Jeera November Contract			
Support-1	9450	Support-2	9346
Resistance-1	10347	Resistance-2	10515
Strategy	Cover short positions and trade cautiously as a correction is due.		

Commodity: Turmeric

Turmeric October futures at NCDEX witnessed selling pressure dominating the market throughout the week. The contract during the opening session witnessed a high for the week at Rs.2100 per quintal and thereafter tested fresh lows at Rs.1970 per quintal towards the week end. The open interest declined amidst low volumes as against week ago.

PRICE DRIVERS:

- Steady domestic demand from local buyers
- Active export advices from Gulf and Japan
- Ample of stock in the market
- Higher acreage for the season

OUTLOOK:

Short Term (1 Week): Range bound to weak on ample of stocks

Medium Term (1 Month): Rangebound on steady domestic and export demand

Long Term (3 Months): Bearish on higher production estimates.

NCDEX Turmeric October Contract			
Support-1	1958	Support-2	1943
Resistance-1	2016	Resistance-2	2031
Strategy	Cover short positions and trade cautiously as correction is due.		

WEATHER WATCH:

METEOROLOGICAL ANALYSIS

Last week's well marked low pressure area over West-Central Bay of Bengal and adjoining Coastal Andhra Pradesh lay over West-Central Bay of Bengal and adjoining north coastal Andhra Pradesh & south coastal Orissa on 20th. It lay over West-Central and adjoining North-West Bay of Bengal off south Orissa - north Andhra Pradesh coasts in the morning of 21st and concentrated into a depression and lay centred at 1730 hours IST of 21st September 2007 over the same area near Lat. 18.0 °N and Long 86.5 °E, about 230 km southeast of Puri. The system moved north-northwestward and lay centred at 0830 hours IST of 22nd September 2007 over North-West and adjoining West-Central Bay of Bengal near Lat. 19.0 °N and Long 86.0 °E, about 100 km southeast of Puri. It then moved northward and crossed Orissa coast near Puri around 1830 hours IST of 22nd September. It then moved northwestward and lay centred at 0830 hours IST of 23rd September over Interior Orissa near Angul. It further moved north-northwestward and lay centred at 0830 hours IST of 24th September over north Chhattisgarh, close to Ambikapur. The system weakened into a well marked low pressure area and lay over north Chhattisgarh and adjoining East Madhya Pradesh at 1730 hours IST of 24th September. The well marked low pressure area lay over East Uttar Pradesh and neighbourhood in the morning of 25th. It lay as a low pressure area over the same region in the evening of 25th and became less marked on 26th. However, the associated upper air cyclonic circulation lay over West Uttar Pradesh and neighbourhood extending upto mid-tropospheric level on 26th.

An upper air cyclonic circulation lay over North-East Arabian Sea off Gujarat and north Maharashtra coasts on 22nd September 2007. Under its influence, a low pressure area formed over the same region on 23rd September. It persisted over North-East Arabian Sea off Saurashtra coast and became well marked on 24th. It lay as a low pressure area over North-East Arabian Sea and adjoining areas of Gujarat and Konkan on 25th and over north Gujarat region and adjoining southwest Madhya Pradesh on 26th

An off-shore trough extended from Konkan coast to Kerala coast on 20th and from south Gujarat coast to Kerala coast thereafter.

A trough in lower tropospheric levels ran from north Pakistan to north Arabian Sea during first two days of the week and became less marked thereafter. However, a trough in mid-tropospheric levels ran from north Pakistan to north Arabian Sea during 23rd to 26th.

A cyclonic circulation lay over north Pakistan and adjoining Jammu & Kashmir in lower tropospheric levels on 24th and over Jammu & Kashmir & neighbourhood on 25th. It moved away eastwards thereafter.

The axis of the monsoon trough ran to the south of its normal position during many days of the week.

RAINFALL

Under the influence of the above systems:

Widespread/ fairly widespread rainfall with scattered/isolated heavy to very heavy falls occurred over Coastal Andhra Pradesh and Telangana during 20th to 23rd, over Orissa during 20-24th, over Gangetic West Bengal during 22nd to 25th, over Jharkhand on 24th & 25th, over Bihar & East Uttar Pradesh on 25th and 26th and over West Uttar Pradesh and Uttarakhand on 26th.

Widespread/ fairly widespread rainfall occurred over Gujarat State, Konkan & Goa, Coastal Karnataka, Kerala and Lakshadweep during many days of the week.

Fairly widespread/ scattered rainfall occurred over Madhya Pradesh and Chhattisgarh during many days of the week.

Fairly widespread/ scattered rainfall also occurred over Andaman & Nicobar Islands and remaining parts of Maharashtra and south peninsula outside Tamil Nadu and Rayalaseema during many days of the week. Isolated/ scattered rainfall occurred over Northwest India, Rajasthan, Tamil Nadu and Rayalaseema during many days of the week.

Weather was mainly dry or isolated rainfall occurred over northeastern states and adjoining Sub-Himalayan West Bengal & Sikkim during many days of the week.

Outlook for the Week Ending On 3rd October 2007

Scattered to fairly widespread rainfall activity is likely over east and adjoining central India during first half of the week and decrease thereafter.

Withdrawal of southwest monsoon is likely to commence from parts of Rajasthan and northwest India during first half of the week.

Source: IMD

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