

SPICES

September 10 - 15 , 2007

Overview:

- Black Pepper Prices Ease; Moved in Narrow Range
- Jeera Prices Remain Steady on Subdued Demand
- Domestic Chillies Prices Weaken on Ample Stock
- Cardamom Prices Recovered on Improved Demand
- Turmeric Market Remain Rangebound during the Week

Spices: Domestic Spot Prices for the Week Ending 08.09.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (08.09.07)	Price (Rs/Kg) For the Week (01.09.07)	Last Month Same Week (Rs/Kg) (11.08.07)	Last Year Same Week (Rs/Kg) (09.09.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	127.80	125.75	135.50	118.00
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	408.31	400.56	428.51	438.83
Cardamom (Large)	Bada Dana	Gangtok	115.00	116.25	115.00	137.50
Chilli	Cold storage	Guntur	43.50	-	43.00	40.25
Ginger	Best	Cochin	34.50	-	34.60	61.50
	Medium	Cochin	55.00	55.00	48.00	65.00
	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	27.50
Coriander	Indori 5%	Mumbai	43.25	43.75	42.75	32.75
Cumin	1%	Mumbai	113.13	110.63	119.38	92.50
	4%	Mumbai	101.25	98.75	103.13	85.63
Clove		Cochin	240.00	240.00	230.00	330.00
		Nagarcoil	240.00	240.00	230.00	330.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 07.09.2007:

Spice	Origin/Grade	Market	Price For the Week (07.09.07) (US\$/KG)	Price For the Week (31.08.07) (US\$/KG)	Last Month (06.07.07) (US\$/KG)	Last Year Same Week (08.09.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	3.92	3.86	4.26	2.98
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	14.40	14.32	13.30	11.55
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	1.79	1.85
Garlic	Chinese	New York	2.12	2.12	2.21	2.87
Coriander	Canada	New York	1.15	1.15	1.06	0.84
Cumin	Syrian	New York	3.64	3.64	3.26	2.51
	Indian	New York	3.64	3.64	3.31	2.51
Fennel	Indian (ASTA)	New York	1.57	1.57	1.57	2.01
	Egyptian	New York	1.61	1.61	1.50	1.65
Fenugreek	India/Turkey	New York	1.08	1.08	0.99	0.82
Clove	Mad/Zanz/Com/ Indo	New York	4.08	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

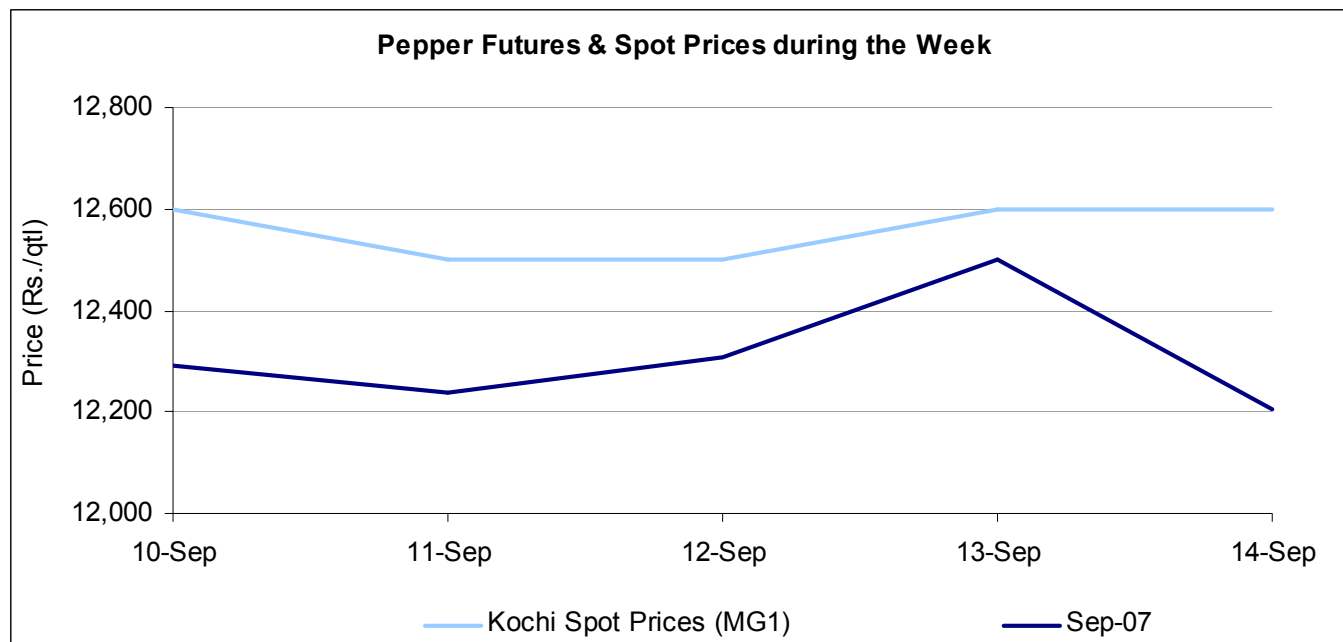
Source: Spices Board of India

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 narrowed down to around Rs. 100 on Thursday as futures prices improved sharper than spot prices. However, the difference widened on Friday as futures prices fell sharply as compared to steady spot prices. The September contract closed below the spot prices by Rs. 395 on Friday.



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

Pepper	09/10/07	09/11/07	09/12/07	09/13/07	09/14/07
Ungarbled	12000	11900	11900	12000	12000
Garbled	12600	12500	12500	12600	12600

Domestic black pepper extends previous weakness further. Prices declined at the beginning of the week and remain at a lower side thereafter. Weakness in domestic as well as overseas demand has weighed down on the market. However, some recovery at the futures counter after prolonged downtrend has checked further decline in prices. Sellers were away from the market at present lower price levels, while buyers preferred to be on the sideline given the higher volatility in recent time. Traders are expecting domestic demand to improve shortly ahead of the festival season. Global supply shortage and price competitiveness of Indian pepper has resulted into increased shipment from the country in the past few months that is expected to continue for the rest of the

current fiscal year. Long-term fundamentals continue to remain firm, however, in short-term prices may see some consolidation at lower price levels on weak demand for the commodity.

Black Pepper Prices in Delhi Market

(Rs./kg)		
Grade	Sep03 - 08	Sep10 - 15
Golden Unpolished	130-134	132
No. 11.5	150	150
No. 12	170	150

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric spot prices at all the major spot markets of Erode were quoted steady and remained unchanged and at Nizambad prices were traded weak by Rs.50 per quintal towards the weekend. The arrivals and offtake declined marginally at Nizamabad and were steady at other centers. Domestic demand remained sluggish and failed to gain momentum despite of festive season due to ample of stock of 23.40 lakh bags as on 30th August 2007 at all the major centers. However the overseas demand from the Gulf and Japan was reported to be steady and is likely to gain momentum during the days ahead. Prices of the commodity is likely to trade range bound to slightly weak on higher stock level as well as subdued demand at the physical market.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Sep03 - 08	Sep10 - 15
Loose Finger	2050-2150	2100-2150
Loose Gattah	2000-2050	2000-2050

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Sep03 - 08	Sep10 - 15
Finger	1900-2150	1875-1980
Gattah	1850-1950	1800-1870

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	Sep03 - 08	Sep10 - 15
Nizamabad Finger	2300-2325	2300
Erode Finger Mini Selam	2750-2775	2750
Erode Single Polish Gattah	2350-2375	2350
Selam Finger	4000-4025	4000

Cumin (Jeera):

Jeera prices at the benchmark Unjha market continued to remain stable for the week ended 14th September 2007. The arrivals and offtake were marginally low as against week ago. Domestic demand remained subdued whereas export demand gained its momentum from the European countries, Singapore and Bangladesh and is a key feature for firmness in market. However domestic demand is likely to gain and support a slight upmove in prices during the days ahead due to festive demand as well

as low stock level at 7-9 lakh bags as compared to 15 lakh bags last year same period.

Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	Sep03 - 08	Sep10 - 15
FAQ	2120-2200	2100-2200
Ganesh	2320-2360	2300-2360
M/c. Cleaned	2400-2520	2380-2520

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Sep03 - 08	Sep10 - 15
Ganesh New	110	109.5
FAQ	110	109.5
M/c. Cleaned	118	117.5

Red Chillies:

Domestic chilli prices at the benchmark Guntur markets traded weak at Rs.3,800-4,300 per quintal as against Rs.4,000-4,500 per quintal week ago. Selling pressure due to ample of stock coupled with lackluster domestic buying interest suppressed the prices to trade at lower level. However, export demand from the traditional buyers, Bangladesh, Malaysia and Sri Lanka was reported to be active and is likely to remain a supportive feature in the market due to Ramzan festival. Prices for the commodity are likely to remain rangebound to slightly firm on anticipation of good overseas demand.

Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	Sep03 - 08	Sep10 - 15
LCA 334 Cold Storage	4000-4500	3800-4500

Cardamom:

Opening weak, domestic cardamom prices at the auction centers recovered towards the mid week. The arrivals and offtake gained marginally amidst good domestic demand as well as the onset of export demand in the market. The overseas demand from Gulf countries is likely to gain its pace due to Ramzan festival which is starting from 14th September 2007 onwards. Prices for the commodity is likely to trade firm for the days ahead due to good domestic as well as international festive demand coupled with lower production estimates for the season by 25-30 percent.

Cardamom Auction Prices in Vandanmedu

(Rs. /kg)

Grade	Sept 08	Sept 14
7 mm	500	480

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a bearish note and extended the weakness further to test week's low on Tuesday. The futures recovered back again to test week's high on Friday, but finished with a bearish stance. MCX October contract traded in the range of Rs. 11,841-12,385 during the week with thin volume and increasing open interest. NCDEX October contract traded in the range of Rs. 12,032-12,690 during the week with moderate volume and increasing open interest.

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

OUTLOOK:

Short Term (1 Week): Consolidate amid subdued demand for the commodity

Medium Term (1 Month): Slightly firm 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	11850	Support-2	11500
Resistance-1	12915	Resistance-2	13285
Strategy	Buy at corrective dips toward support		

Commodity: Turmeric

Turmeric prices at the NCDEX, for October futures traded rangebound to weak testing fresh lows after opening weak at Rs.2072 per quintal. The futures during the initial days of the week slumped to Rs.2029 per quintal on selling pressure and there after surged to Rs.2075 per quintal on profit booking. The open interest gained marginally amidst low volumes as against week ago. At MCX, Turmeric October futures traded between Rs.2,124 and 2,062 per quintal. The open interest was marginally down where as the volumes gained and supported the fall in prices.

PRICE DRIVERS:

- Subdued domestic demand inspite of festive season
- Steady export demand
- Ample of stock in the market
- Lower acreage 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

Long Term (3 Months): Firm on lower acreage for the season

NCDEX Turmeric October Contract			
Support-1	2024	Support-2	2001
Resistance-1	2119	Resistance-2	2146
Strategy	Sell on rise and trade cautiously.		

Commodity: Cardamom

Starting the week with a firm note cardamom futures at MCX tested week's high on Monday. However, the futures traded downwards for the rest of the week and slide to test week's low on Friday. MCX October contract traded in the range of Rs. 516-536 during the week with increasing volume as well as open interest.

PRICE DRIVERS:

- Good overseas demand due to Ramzan festive ahead
- Improving domestic demand
- Low production estimates

OUTLOOK:

Short Term (1 Week): Steady to firm on good export demand

Medium Term (1 Month): Rangebound to slightly firm on good domestic demand

Long Term (3 Months): Bullish on anticipation on lower output for the season.

MCX Cardamom October Contract			
Support-1	507	Support-2	500
Resistance-1	534	Resistance-2	542
Strategy	Sell on rallies toward resistance		

WEATHER WATCH:

Forecast for next 5 days

Today, a low pressure area has formed over north-west Bay of Bengal and adjoining coastal areas of West Bengal & north Orissa. Under its influence, fairly widespread rainfall with isolated heavy to very falls is likely to occur over north Orissa, West Bengal & Sikkim and northeastern States during next 3 days. Scattered to fairly widespread rainfall activity is also likely over Bihar and Jharkhand during the same period.

Model prediction suggests that suggest that scattered to fairly widespread rainfall activity is likely over south peninsular India during next 3-4 days. But, most parts of northwest India (except hilly regions) and central India are likely to have subdued rains during next 4-5 days.

Model predictions suggest that there is possibility of another low pressure area to develop over west central Bay of Bengal and adjoining around 20th September.

Zone-wise weather forecast

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

Isolated shower is likely over the region.

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

Fairly widespread to widespread rainfall with isolated heavy fall is expected over Orissa, Sub-Himalayan

West Bengal, Arunachal Pradesh, Assam and Meghalaya during next 2-3 days.

Fairly widespread rainfall is likely over Jharkhand, Bihar.

Scattered rainfall is expected over rest of region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated to scattered rainfall is likely over the region.

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

Scattered to fairly widespread rainfall is likely over Tamil Nadu, Kerala and Lakshadweep during next 3-4 days.

Scattered rainfall activity is also likely over Coastal Karnataka and Andaman and Nicobar islands

Isolated rainfall activity is also likely over rest of the region

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

Scattered to fairly widespread rainfall is likely over Konkan & Goa and scattered over Madhya Maharashtra and south Gujarat.

Isolated rainfall is likely over rest of the region during next 2-3 days.

Source: NCMRWF, GOI

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