

SPICES

September 17 - 22 , 2007

Overview:

- Black Pepper Prices steady after an initial dip on subdued demand
- Domestic Jeera prices gained slightly on festive demand
- Cardamom Prices surged on festive demand
- Chilli remained rangebound while Turmeric gained marginally
- IPC: US Import Value of Pepper Up in the First Semester 2007

Spices: Domestic Spot Prices for the Week Ending 15.09.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (15.09.07)	Price (Rs/Kg) For the Week (08.09.07)	Last Month Same Week (Rs/Kg) (18.08.07)	Last Year Same Week (Rs/Kg) (16.09.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	125.67	127.80	134.50	123.80
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	398.63	408.31	430.97	406.18
Cardamom (Large)	Bada Dana	Gangtok	-	115.00	113.75	127.50
Chilli	Cold storage	Guntur	34.60	34.50	36.00	42.40
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	22.75	23.25	23.75	27.50
Coriander	Indori 5%	Mumbai	42.75	43.25	44.50	29.25
Cumin	1%	Mumbai	111.25	113.13	119.38	91.00
	4%	Mumbai	101.25	101.25	105.63	83.13
Clove		Cochin	240.00	240.00	240.00	320.00
		Nagarcoil	230.00	240.00	240.00	350.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 14.09.2007:

Spice	Origin/Grade	Market	Price For the Week (14.09.07) (US\$/KG)	Price For the Week (07.09.07) (US\$/KG)	Last Month (13.07.07) (US\$/KG)	Last Year Same Week (22.09.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	3.92	3.92	4.21	3.53
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	14.12	14.40	14.26	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	2.12	2.14	2.87
Coriander	Canada	New York	1.19	1.15	1.06	0.84
Cumin	Syrian	New York	3.64	3.64	3.64	2.56
	Indian	New York	3.64	3.64	3.64	2.47
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	4.30	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: US Import Value of Pepper Up in the First Semester 2007

According to the statistics from the US Department of Agriculture, between January - June 2007, total import of pepper into the United States, one of the largest importers of black pepper, was reported to be at 30,571 tons valued at USD91.0 million.

In term of value there has been a significant increase of USD39.0 million or 78 per cent when

compared to the corresponding period last year. The high increase in the value was mainly attributed to the higher world pepper prices since the second half of 2006.

Import of black pepper into the USA market in the first quarter was 23,404 mt, down by 146 tons when compared to last year's import at 23,552 mt. Brazil ranked as the largest supplier to the US market supplying 7,889mt followed by India 6,544 mt, Vietnam 4,350 mt and Indonesia 3,944 mt.

During the first six months of 2007, import of white pepper into the USA was reported to be around 2,998 tons, 16 per cent less than the same period in 2006.

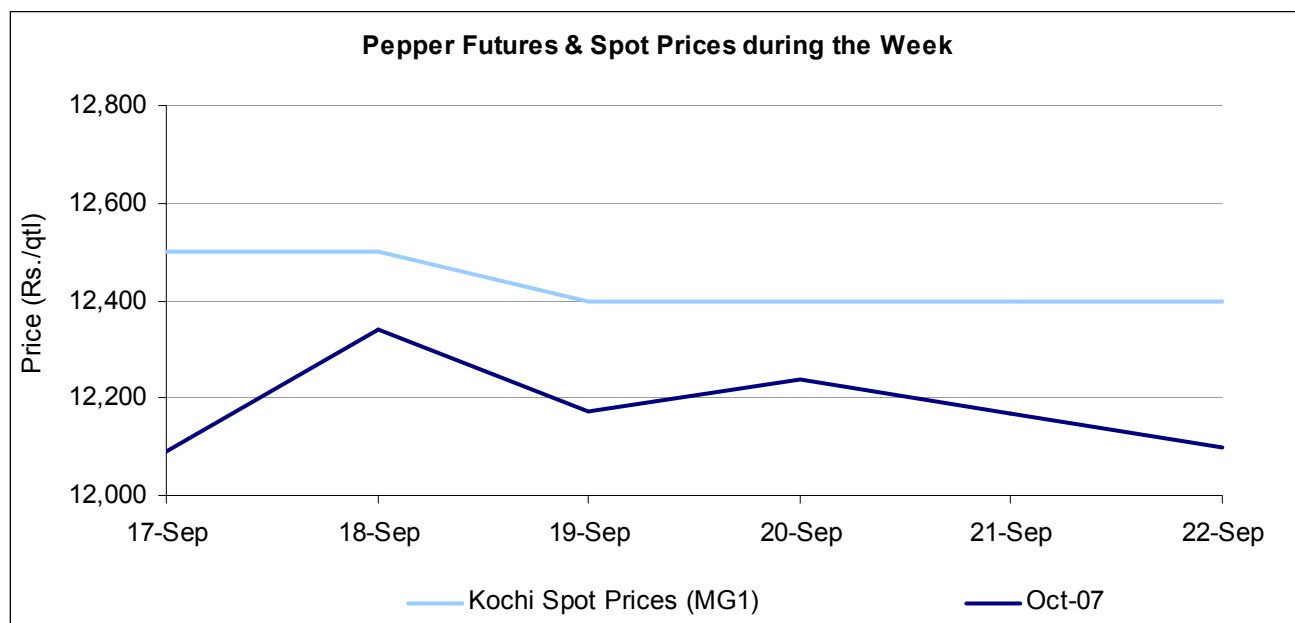
Between January-June 2007, the USA imported a total of 4,170 mt of ground pepper or 23.8 per cent higher when compared with the corresponding period last year.

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 difference varied day to day as futures market was volatile during the week, while spot markets remained steady. The October contract closed below the spot prices by Rs. 300 on Saturday.



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

Pepper	09/17/07	09/18/07	09/19/07	09/20/07	09/21/07	09/22/07
Ungarbled	11900	11900	11800	11800	11800	11800
Garbled	12500	12500	12400	12400	12400	12400

Domestic black pepper markets were flat to slightly weak during the week on zero arrivals and offtakes. Sellers are not active at the lower price levels and this has resulted in prices hovering in a narrow range. On the back of slow demand at spot market as well as overseas market, stockists are not in a hurry to sell their stocks at the prevailing rates.. Global demand for black pepper has weakened in the last couple of weeks as the US and the European buyers have adequate stocks. Spices Board of India has reported pepper exports of 14,776 tonnes during the first semester of 2007, up 56% on year. Internationally, brisk activity has been reported from Lampung

markets since new crops have entered the market, while Indonesia will not be an aggressive seller because of their declining stock. The actual production in Brazil has been reported lower by 10,000 tonnes than the estimated 38,000 tonnes this season. The anticipated festive demand amidst the current supply crunch is expected to firm up the market.

Black Pepper Prices in Delhi Market

(Rs./kg)		
Grade	Sep10 - 15	Sep17 - 22

Golden Unpolished	132	132-133
No. 11.5	150	150

Turmeric:

Turmeric prices at the benchmark Nizamabad market traded firm by Rs. 25-30 per quintal where as at other centers the prices remained steady as against week ago. The arrivals at Nizamabad were steady during the initial days and reduced towards the week end due to rainfall disrupting the transportation of commodity. Rainfall was witnessed at most of turmeric growing areas in Andhra Pradesh. Rains at present is beneficial for the crop during its growing stage however if it continues to rain further resulting into water logging at the fields, the crop is likely to get damaged. Export demand during the week from the traditional buyers like Gulf, Europe and Japan was steady where as in the domestic front buying was witnessed by the retailers. The prices for the commodity are likely to trade rangebound to slightly firm on anticipation of slight improvement of domestic demand due to festive season.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Sep10 - 15	Sep17 - 22
Loose Finger	2100-2150	2100-2150
Loose Gattah	2000-2050	2000-2050

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Sep10 - 15	Sep17 - 22
Finger	1875-1980	1920-1975
Gattah	1800-1870	1850-1890

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	Sep10 - 15	Sep17 - 22
Nizamabad Finger	2300	2300
Erode Finger Mini Selam	2750	2750
Erode Single Polish Gattah	2350	2350
Selam Finger	4000	4000

Cumin (Jeera):

Domestic jeera prices at the benchmark Unjha market recovered marginally as against week ago. The arrivals were steady amidst marginally low offtake. Improved domestic demand from all over

No. 12	150	150
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Note: Prices are in Rs. per Kg.

India due to the onset of the festive season has supported the upmove in prices. Overseas demand from the European countries, Bangladesh and Singapore are gaining its momentum. Jeera prices are likely to trade rangebound to firm for the days ahead as domestic demand is likely to improve further as well as the stock position is low as compared to year ago during the same period.

Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	Sep10 - 15	Sep17 - 22
FAQ	2100-2200	2090-2150
Ganesh	2300-2360	2290-2370
M/c. Cleaned	2380-2520	2370-2530

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Sep10 - 15	Sep17 - 22
Ganesh New	109.5	109.5-110
FAQ	109.5	109.5-110
M/c. Cleaned	117.5	117.5-118

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	Sep10 - 15	Sep17 - 22
LCA 334 Cold Storage	3800-4500	3800-4400

Cardamom:

Cardamom spot prices have improved steadily during the week. Traders from North India were seen actively buying on account of the ensuing festivals like Diwali, Durgapuja and Ramzan. India's cardamom output is expected to fall from 11,000 tonnes in 2006-07 to 8,500 in 2007-08 on account of bad weather and lower acreage under cardamom. The late arrival of monsoon and heavy rains over the past few weeks is expected to bring down cardamom production by 25-30%. These are leading to an increase in the price of the spice. The higher price of

Indian cardamom as compared to the Guatemalan capsules is limiting export queries. Meanwhile, Spices Board has insisted on e-auctions to be mandated in all the auction centres by December 2007.

Cardamom Auction Prices in Pulianmalai

(Rs. /kg)

Grade	Sept 15	Sept 22
7 mm	480	480

Futures Market (NCDEX):

Commodity: Black Pepper

Pepper futures traded volatile in a thin range during the week, with a bearish tone. NCDEX October contract traded in a range of 11990 - 12420 during the week after opening at Rs. 12380 and finished at Rs. 12100. Volume traded and open interest were lower as compared to the previous week, pointing towards a period of consolidation. MCX October contract opened at Rs. 11815 and traded up to test the week's high of Rs. 12080 on Wednesday. The prices slumped thereafter to close at Rs. 11750. Volume and open interest of the contract improved 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

OUTLOOK:

Short Term (1 Week): Range-bound on subdued demand for the commodity

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

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

NCDEX Black Pepper October Contract			
Support-1	11717	Support-2	11528
Resistance-1	12936	Resistance-2	13167
Strategy	Confirm trend before initiating positions. Sell on rallies towards resistance.		

Commodity: Chilli

Opening weak, NCDEX Chilli October contract traded firm and witnessed fresh high since last three months towards the week end. During the initial days of the week the futures witnessed a low at Rs.4,546 per quintal however towards the weekend the futures surged up to Rs.4,721 per quintal underpinned by fresh buying support. The futures actively traded between Rs.4,599 and 4,680. Both the volumes and open interest gained as against week ago and supported the upmove in prices.

PRICE DRIVERS:

- Subdued domestic demand from local buyers
- Delay in crop progress due to rainfall at the growing areas
- Steady export demand due to Ramzan festival
- Ample of stock in the market
- Higher 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 Chilli October Contract			
Support-1	4536	Support-2	4478
Resistance-1	4794	Resistance-2	4872
Strategy	Buy on dips near support.		

Commodity: Cardamom

After a day of bearish trade on Monday, cardamom futures recovered on improved demand and traded firm till Thursday, before resuming the negative trend. The most active October contract opened 512.5 and traded down on Monday. The contract improved and traded firm for three days on a row till Thursday,

before resuming the weakness towards the close of the week. The contract finished at Rs. 506. Volume and open interest dipped as compared to the previous week.

PRICE DRIVERS:

- Limited export queries due to higher prices of Indian cardamom
- Festive demand from North India
- Lower production estimates by 25-30%
- Heavy and continuous rains posing threat of pests and diseases

OUTLOOK:

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

Medium Term (1 Month): Rangebound to slightly firm on good domestic demand as well as expected overseas demand

Long Term (3 Months): Bullish on lower production estimates for the season

MCX Cardamom October Contract			
Support-1	492.5	Support-2	487
Resistance-1	517	Resistance-2	526
Strategy	Sell on rallies towards resistance		

WEATHER WATCH:

METEOROLOGICAL ANALYSIS

A low pressure area formed over northwest Bay of Bengal and adjoining coastal areas of north Orissa and West Bengal on 13th morning. It persisted over the same region on 14th and became less marked on 15th. However, the associated upper air cyclonic circulation lay over northwest and adjoining West-Central Bay of Bengal off Orissa and Andhra Pradesh coasts on 16th. Again, under the influence of this cyclonic circulation, a low pressure area formed over west-central Bay of Bengal and adjoining Coastal Andhra Pradesh on 17th. It lay as a well marked low pressure area over the same region on 18th and 19th.

While the western end of the monsoon trough lay to the north of its normal position or near normal position, the eastern end of the monsoon trough shifted gradually from north to south during the week in association with the low pressure area over the Bay of Bengal.

A feeble off-shore trough at mean sea level ran from Konkan coast to Kerala coast during many days of the week.

A trough in lower tropospheric levels ran from north Pakistan to north Arabian Sea during the week.

RAINFALL

Under the influence of the above systems:

Widespread /fairly widespread rainfall with isolated heavy to very heavy falls occurred over Orissa during 14-17th and over Andhra Pradesh during 15-19th. Widespread /fairly widespread rainfall with isolated heavy to very heavy falls also occurred over Kerala, Karnataka and Andaman & Nicobar Islands during many days of the week.

Scattered/fairly widespread rainfall occurred over Konkan & Goa, Madhya Maharashtra, Marathawada

and Lakshadweep during many days of the week. Scattered/fairly widespread rainfall also occurred over Sub-Himalayan West Bengal & Sikkim and northeastern states during many days of the week.

Isolated to scattered rainfall occurred over remaining parts of the peninsula, most parts of central India and remaining parts of East India during many days of the week.

The rainfall activity was sub-dued over remaining parts of the country, where isolated rainfall occurred during many days of the week.

Outlook for the Week Ending On 26th September 2007

The well marked low pressure area over West-Central Bay of Bengal is likely to concentrate into a depression and cause widespread rainfall with isolated heavy to very heavy falls over Orissa and north Andhra Pradesh during first half of the week. The enhanced rainfall activity is likely to shift towards central and west India during second half of the week

Scattered fairly widespread rainfall activity is likely over northwest India during second half of the week.

Decrease in rainfall activity over the peninsular India during second half of the week.

Source: IMD

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