

SPICES

October 08 - 13 , 2007

Overview:

- Black Pepper Prices at the domestic auctions surged by Rs. 1300/qtl, (up 10.7%)
- Domestic Jeera prices surged on festive demand.
- Cardamom Domestic Auctions were steady during the week.
- Chilli prices declined marginally while turmeric prices improved on festive demand
- IPC: Pepper exports from Sri Lanka likely to increase

Spices: Domestic Spot Prices for the Week Ending 06.10.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (06.10.07)	Price (Rs/Kg) For the Week (29.09.07)	Last Month Same Week (Rs/Kg) (08.09.07)	Last Year Same Week (Rs/Kg) (07.10.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	124.80	124.00	127.80	124.60
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	425.90	411.09	408.31	281.58
Cardamom (Large)	Bada Dana	Gangtok	106.25	107.50	115.00	120.00
Chilli	Cold storage	Guntur	34.00	34.00	34.50	50.00
Ginger	Best	Cochin	55.00	55.00	55.00	67.50
	Medium	Cochin	50.00	50.00	50.00	57.50
	Alleppey finger (AFT)	Cochin	24.00	24.00	24.00	42.50
Turmeric	Rajapuri	Mumbai	52.50	53.50	53.50	55.50
	Nizamabad	Mumbai	22.25	22.75	23.25	27.00
Coriander	Indori 5%	Mumbai	40.25	41.00	43.25	28.75
Cumin	1%	Mumbai	107.50	106.25	113.13	87.50
	4%	Mumbai	98.75	96.25	101.25	78.75
Clove		Cochin	240.00	240.00	240.00	320.00
		Nagarcoil	270.00	225.00	240.00	320.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 05.10.2007:

Spice	Origin/Grade	Market	Price For the Week (05.10.07) (US\$/KG)	Price For the Week (28.09.07) (US\$/KG)	Last Month (07.09.07) (US\$/KG)	Last Year Same Week (06.10.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	3.88	3.88	3.92	3.48
Cardamom (Small)	Indian (AGEB)	Saudi Arabia	14.29	14.25	14.40	10.85
Chillies	Indian SANNM-4 (Stem less)	New York	2.21	2.21	2.21	2.25
Ginger	India Cochin	New York	2.25	2.25	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	1.94	1.96	2.12	2.62
Coriander	Canada	New York	1.54	1.32	1.15	0.84
Cumin	Syrian	New York	3.53	3.53	3.64	2.43
	Indian	New York	3.64	3.64	3.64	2.51
Fennel	Indian (ASTA)	New York	1.57	1.57	1.57	2.10
	Egyptian	New York	1.61	1.61	1.61	1.70
Fenugreek	India/Turkey	New York	1.15	1.08	1.08	0.86
Clove	Mad/Zanz/Com/ Indo	New York	4.08	4.08	4.08	5.03
	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 exports from Sri Lanka likely to increase

Members of Spices and Allied Products Producers and Traders' Association (SAPPTA) are pleased to learn from a press release issued by Director Export Agriculture Department Dr. Ilangasinghe that an allocation of Rs. 80 million has been received from the State to enhance the development of agricultural export crops.

A new investment aid system enabling the farmers to obtain plants and other essentials free soon as the land is prepared for crop cultivation, will also be introduced.

Past Chairman of SAPPTA and the convenor of the sub committee on pepper Gulam Chatoor is of the opinion that there is a great demand for pepper from Sri Lanka with no problem in marketing the spices in the world markets.

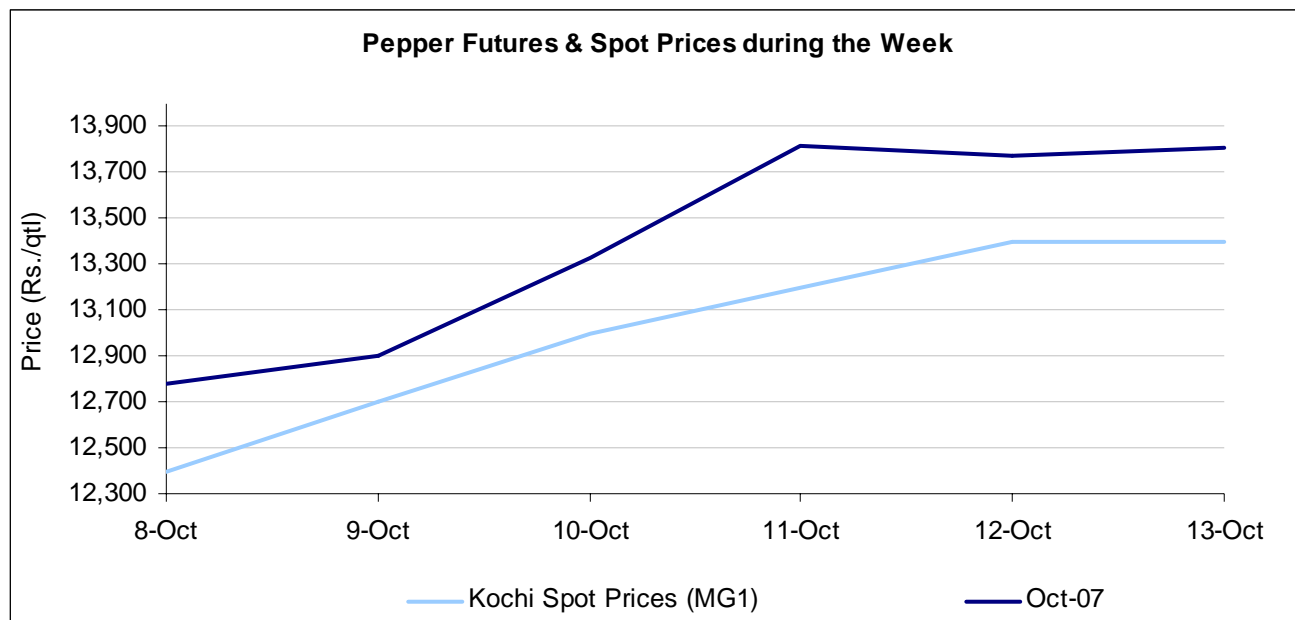
Exports of pepper from Sri Lanka, he said have been in the region of around 7500 tonnes as against the world trade of around 200,000 tonnes, hence there is considerable scope to increase the volume of pepper exports, in particular.

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 futures prices of October contract remained above the spot prices throughout the week. The difference was the least on 9 October, after which the futures prices improved more sharply as compared to the spot prices, thereby, widening the gap between them, which reached a maximum on 11th October. Later a range bound futures and a steady spot lead to more or less parallel formations.



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

Pepper	10/08/07	10/09/07	10/10/07	10/11/07	10/12/07	10/13/07
Ungarbled	12400	12700	13000	13200	13400	
Garbled	13000	13300	13600	13800	14000	

Opening firm, black pepper prices at the physical markets surged to close 9% higher than the previous week on good buying support amidst depleting stocks at the major producing countries. Markets remained supported by active participation of exporters and on improved buying by stockists to meet festive demand. Exhausted inventories in domestic and overseas market have kept prices on the higher side. Festive demand, which is expected to sustain till Diwali amidst supply concerns is likely to prop up the market in the long term. Meanwhile, some of the Indian importers have bought Asta grade from Indonesia, which pushed up the Indonesian prices. Besides, Indian spices industry engaged in value addition have covered 1,000 tonnes of B2 and B1 pepper from Brazil. Prices of other origins have also moved up in

tandem with the Indian futures market. Internationally, exports of pepper from Sri Lanka, which is around 7500 tonnes as against the world trade of around 200,000 tonnes, is likely to increase on account of the allocation of Rs. 80 million from the State for the development of agricultural export crops.

Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Oct 01 - 06	Oct 08 - 13
Golden Unpolished	131-137	148
No. 11.5	155	165-170
No. 12	165	180-185

Note: Prices are in Rs. per Kg.

Turmeric:

Opening steady, domestic turmeric prices during the week ended 12th October recovered slightly by Rs.25 per quintal at the Nizamabad and Erode markets. The arrivals and offtake remained steady as that of week ago. Domestic demand improved on the eve of Dusshera and Diwali festivals ahead and is likely to remain firm and favour further upmove in prices during the days ahead. Overseas demand from the traditional buyers, Gulf and Japan remained steady however the appreciation of Re. as against Dollar during the week suppressed the buying activity. Meanwhile high inventory level for the season at around 19.75 lakh bags is unlikely to support the firmness in prices after the festive season.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Oct 01 - 06	Oct 08 - 13
Loose Finger	2100-2150	2100-2200
Loose Gattah	2000-2050	2000-2100

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Oct 01 - 06	Oct 08 - 13
Finger	1925-1950	1925-1950
Gattah	1825-1850	1825-1870

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	Oct 01 - 06	Oct 08 - 13
Nizamabad Finger	2500	2500
Erode Finger Mini Selam	2850	2850
Erode Single Polish Gattah	2450	2450
Selam Finger	4000	4000

Cumin (Jeera):

Active buying due to upcoming Dusshera and Diwali festivals, the prices for Jeera witnessed a significant hike by Rs. 70 per 20kg at the benchmark Unjha market after a prolonged subdued trading activity. The arrivals improved to 3,000 bags towards the weekend amidst surge in the offtake upto 10,000 bags during mid weak. Overseas demand from European countries, Bangladesh and Singapore improved marginally as against week ago. However, Re. appreciation as against the Dollar remained a cause of concern for suppressed buying. Jeera prices are likely to maintain the firmness during the days ahead due to active festive buying amidst low inventories for the season.

Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	Oct 01 - 06	Oct 08 - 13
FAQ	2150-2230	2240-2320
Ganesh	2350-2450	2430-2520
M/c. Cleaned	2430-2610	2510-2700

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Oct 01 - 06	Oct 08 - 13
Ganesh New	108-109	109-112.25
FAQ	108-109	109-112.25
M/c. Cleaned	116-117	117-120.25

Red Chillies:

Domestic chilli prices at the Guntur market declined by Rs.100 per quintal during the mid week for the week ended 13th October. Subdued buying activity both locally as well from the overseas buyers dampened the prices for the commodity. The arrivals declined during the week to 25,000 bags as compared to last week's arrivals of 50,000 bags amidst steady offtake as the sellers feared the prices may fall further on the back of ample of inventories. Meanwhile the arrivals from the Madhya Pradesh crop have hit the market a bit early in small quantities and were reported to be of inferior quality due to moisture content. However the arrivals are likely to gain its pace from 1st week of November onwards. Chilli prices during the days ahead is likely to trade rangebound to weak due to lackluster buying interest and high inventory level at around 26.5 lakh bags in the market.

Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	Oct 01 - 06	Oct 08 - 13
LCA 334 Cold Storage	3800-4300	3700-4300

Cardamom:

Cardamom domestic auctions ruled steady during the week amidst increased arrivals. Upcountry buyers were actively covering to meet their demand for the ensuing festival season. Overseas demand was sluggish on account of the higher price of Indian parity in the global market. Festive season demand is seen supporting the market in the short term. The prevailing weather conditions are also favouring the crop and any further decline in production can be ruled out. However, a continuous dry spell could affect the flowering of the standing crop and thereby result in lower yields. Cardamom is in the second round of picking in the cardamom growing regions of Kerala, resulting in improved arrivals of good quality capsules.

Cardamom Auction Prices in Pulianmalai

(Rs. /kg)

Grade	Oct 06	Oct 13
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7 mm	510	500
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Futures Market (NCDEX):

Commodity: Black Pepper

Opening firm, pepper futures surged at both the commodity exchanges initially during the week on good buying support amidst reports of depleting stocks with the major producing countries. NCDEX November contract opened firm at Rs. 13040/qrtl on Monday and traded steadily up to test the weeks high of Rs. 14340/qrtl on Thursday, after which, it traded mostly sideways to close at Rs. 14134/qrtl. Volume and open interest of the contract surged as compared to the previous week.

MCX October contract opened firm at Rs. 12749/qrtl, and after trading marginally down on Monday, the prices improved on the following days to test the week's high of Rs. 13400/qrtl on Thursday. The contract traded almost flat thereafter to settle at Rs. 13367/qrtl. Open interest dipped amidst larger volumes traded as compared to the previous week.

PRICE DRIVERS:

- Domestic sellers not active at lower price levels
- Indian production estimated lower by around 20% at 45,000 tonnes in 2007
- 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
- Indian pepper cheapest in the global market.
- Festive demand

OUTLOOK:

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

Medium Term (1 Month): Slightly firm on expected overseas demand amidst depleting stocks in the producing countries.

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

NCDEX Black Pepper November Contract			
Support-1	12183	Support-2	11527
Resistance-1	16038	Resistance-2	16995
Strategy	Buy on corrective dips.		

Commodity: Jeera

Opening firm, NCDEX Jeera November futures traded volatile and recovered after a long bearish trend. The volumes along with the open interest gained and supported the upmove in prices. The contract opened firm at Rs.10395 per quintal and after witnessing a low at Rs.10, 308 surged up to Rs.11098 per quintal. However towards the weekend the contract witnessed slight profit booking coming in.

PRICE DRIVERS:

- Active buying on festive demand
- Slight improvement of overseas demand
- Low stock level and output.

OUTLOOK:

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

Medium Term (1 Month): Firm on festival season ahead

Long Term (3 Months): Bullish on lower output as well as low stock level for the season.

NCDEX Jeera November Contract			
Support-1	10221	Support-2	10106
Resistance-1	11363	Resistance-2	11505
Strategy	Stay long and buy on corrective dips.		

Commodity: Turmeric

Turmeric most active November futures at NCDEX during the week ended 13th October 2007 moved in a narrow range amidst gain in open interest and slightly low volumes as against week ago. The contract during the initial days of the week tested fresh lows at Rs.2007 per quintal and there after recovered slightly up to Rs.2050 per quintal towards the weekend. The futures moved actively in a range of Rs.2030 and Rs.2046 during the week.

PRICE DRIVERS:

- Slight improvement on domestic demand due to festive season ahead.
- Steady export advices from Gulf and Japan.
- Ample of stock in the market.
- Fall in acreage for the season

OUTLOOK:

Short Term (1 Week): Slight recovery in prices due to festive demand.

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

Long Term (3 Months): Bearish on higher output as well as ample of stock.

NCDEX Turmeric November Contract			
Support-1	2005	Support-2	1982
Resistance-1	2111	Resistance-2	2136
Strategy	Trade cautiously as current market trend is indecisive.		

WEATHER WATCH:

METEOROLOGICAL ANALYSIS

Southwest monsoon further withdrew from remaining parts of West Uttar Pradesh & Gujarat, some more parts of East Uttar Pradesh & Madhya Pradesh, northern parts of Maharashtra and entire north Arabian Sea on 8th October. It further withdrew from entire East Uttar Pradesh, some parts of Bihar, Jharkhand, north Chhattisgarh and most parts of Madhya Pradesh on 10th October.

The withdrawal line passed through Supaul, Hazaribagh, Pendra, Betul, Jalgaon, Dahanu, Lat. 20.0°N/ Long. 70.0°E, Lat. 20.0°N/ Long. 65.0°E and Lat. 20.0°N/ Long. 60.0°E on 10th October.

Last week's upper air cyclonic circulation extending upto mid-tropospheric level over West-Central Bay of Bengal off Coastal Andhra Pradesh persisted over the same region on 4th October. Under its influence, a low pressure area formed over West-Central Bay of Bengal off north Coastal Andhra Pradesh on 5th. It persisted over the same area on 6th and became less marked on 7th. However, the associated upper air cyclonic circulation lay over the same region extending upto 3.1 km above mean sea level on 7th and became less marked on 8th.

Another low pressure area formed over North-East Bay of Bengal and neighbourhood on 7th morning and became well marked in the same evening. The well marked low pressure area lay over Bangladesh and adjoining North Bay of Bengal on 8th. It lay as a low pressure area over Bangladesh & neighbourhood on 9th and became less marked on 10th. However, the associated upper air cyclonic circulation extending upto 3.1 km above mean sea level lay over Bangladesh & neighbourhood on 10th.

Last week's upper air cyclonic circulation over northeastern states persisted over the same area in the lower levels on 4th and moved away eastwards on 5th October.

An upper air cyclonic circulation lay over north Pakistan and adjoining Jammu & Kashmir in the lower levels on 4th and over Jammu & Kashmir and neighbourhood on 5th & 6th and moved away eastwards on 7th October.

Another upper air cyclonic circulation extending upto mid-tropospheric levels lay over north Pakistan and neighbourhood on 8th and 9th and moved away eastwards on 10th October.

An upper air cyclonic circulation lay over southwest Bay of Bengal off Tamil Nadu coast extending upto 3.1 km a.s.l. on 10th October.

RAINFALL

Under the influence of the above systems:

Fairly widespread/ scattered rainfall occurred over Andaman & Nicobar Islands, Konkan & Goa, Coastal Karnataka and Kerala during many days of the week. Isolated/ scattered rainfall occurred over remaining parts of peninsula & Maharashtra and over Gujarat region during many days of the week.

Fairly widespread/scattered rainfall occurred over Bihar & Jharkhand during many days of the week.

Fairly widespread/scattered rainfall occurred over Madhya Pradesh, East Uttar Pradesh and Uttarakhand during first half of the week.

Fairly widespread/ scattered rainfall occurred over Chhattisgarh, Orissa, West Bengal & Sikkim during first half of the week and isolated /scattered during 2nd half of the week.

Isolated/ scattered rainfall occurred over northeastern states during many days of the week.

Isolated rainfall occurred over different subdivisions of Northwest India, Rajasthan, Saurashtra & Kutch during first half of the week and weather was mainly dry thereafter.

Outlook for the Week Ending On 17th October 2007

Scattered rainfall activity is likely over extreme south Peninsula during the week.

Scattered rainfall activity is likely over northeastern States during first half of the week and decrease thereafter.

Further withdrawal of southwest monsoon is likely from some more parts of Eastern, Central and Western India.

Source: IMD

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