

SPICES

October 22 - 27, 2007

Overview:

- Black Pepper Prices at the domestic auctions firmed up on good buying support.
- Domestic Jeera prices advanced on high demand
- Cardamom capsules were quoted steady to firm at the domestic auctions.
- Chilli prices remained steady while turmeric prices rebounded from fresh lows
- IPC: New Betong Centre To Boost Sarawak's Pepper Industry

Spices: Domestic Spot Prices for the Week Ending 20.10.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (20.10.07)	Price (Rs/Kg) For the Week (13..09.07)	Last Month Same Week (Rs/Kg) (22.09.07)	Last Year Same Week (Rs/Kg) (21.10.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	139.83	135.40	124.33	121.00
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	390.18	421.38	402.51	313.71
Cardamom (Large)	Bada Dana	Gangtok	105.00	105.00	113.75	110.00
Chilli	Cold storage	Guntur	41.33	42.00	42.20	64.80
Ginger	Best	Cochin	55.00	55.00	42.20	64.80
	Medium	Cochin	50.00	50.00	50.00	55.50
	Alleppey finger (AFT)	Cochin	24.00	24.00	24.00	40.00
Turmeric	Rajapuri	Mumbai	52.50	52.50	53.50	54.50
	Nizamabad	Mumbai	22.75	22.75	23.25	26.50
Coriander	Indori 5%	Mumbai	42.75	42.50	41.75	28.75
Cumin	1%	Mumbai	110.63	111.88	110.63	85.00
	4%	Mumbai	101.88	103.13	101.25	74.38
Clove		Cochin	240.00	240.00	240.00	320.00
		Nagarcoil	220.00	230.00	230.00	320.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 19.10.2007:

Spice	Origin/Grade	Market	Price For the Week (19.10.07) (US\$/KG)	Price For the Week (12.09.07) (US\$/KG)	Last Month (21.09.07) (US\$/KG)	Last Year Same Week (20.10.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	3.92	3.92	3.88	3.40
Cardamom (Small)	Indian (AGEB)	Saudi Arabia	13.92	14.45	140.9	11.05
Chillies	Indian SANNM-4 (Stem less)	New York	2.21	2.21	2.21	2.32
Ginger	India Cochin	New York	2.25	2.25	2.10	1.96
	Chinese Peeled	New York	1.81	1.76	1.76	1.81
Turmeric	India Alleppey Finger	New York	1.74	1.74	1.74	1.85
Garlic	Chinese	New York	1.94	1.94	1.96	2.62
Coriander	Canada	New York	1.65	1.54	1.32	0.84
Cumin	Syrian	New York	3.44	3.53	3.64	2.51
	Indian	New York	3.44	3.53	3.64	2.51
Fennel	Indian (ASTA)	New York	1.57	1.57	1.57	2.10
	Egyptian	New York	1.57	1.61	1.61	1.740
Fenugreek	India/Turkey	New York	1.15	1.15	1.08	0.86
Clove	Mad/Zanz/Com/ Indo	New York	4.19	4.08	4.08	4.41
	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: New Betong Centre To Boost Sarawak's Pepper Industry

Sarawak's pepper industry is given a further boost with the setting up of the RM1.38 million Malaysian Pepper Board (MPB) branch office-cum-plant in Betong, one of the main pepper-producing areas in the state. MPB director-general Grunsin Ayom said today the new premises, located near the Rural Growth Centre at Simpang Ulu Layar in Betong division, started operations recently to facilitate agricultural and marketing services to pepper smallholders in the area.

"The local farmers now feel relieved because it reduces operational costs besides giving them an opportunity to have good agronomic practice for better returns as previously they had to travel long distances to other centres, such as Sri Aman or Sarikei, to get such facilities," he told Bernama here. The Betong premises, which houses a collection and processing centre for black pepper, office block, sterilisation plant, processing facility, colour sorting machine and nursery centre, will be officially opened by Deputy Chief Minister and Rural Development Minister Tan Sri Alfred Jabu Saturday.

Grunsin said the project was part of a special programme initiated by the government under the Ninth Malaysian Plan to increase the productivity and income of smallholders. He was also confident that it would help to enhance the quality of the pepper-growing and other related downstream activities in Betong in tandem with the current stream of rapid development taking place in the division. At present, Sarawak produces 95 percent of the country's total production of 20,000 metric tonnes with about 67,000 farming families involved in pepper cultivation, and production is expected to increase to 30,000 metric tonnes annually by 2010, he said.

Under the current plan, an allocation of RM74.6 million has been set aside to assist the smallholders in buying fertilisers and pesticides to enable them to continue maintaining their crops and encourage new plantings.

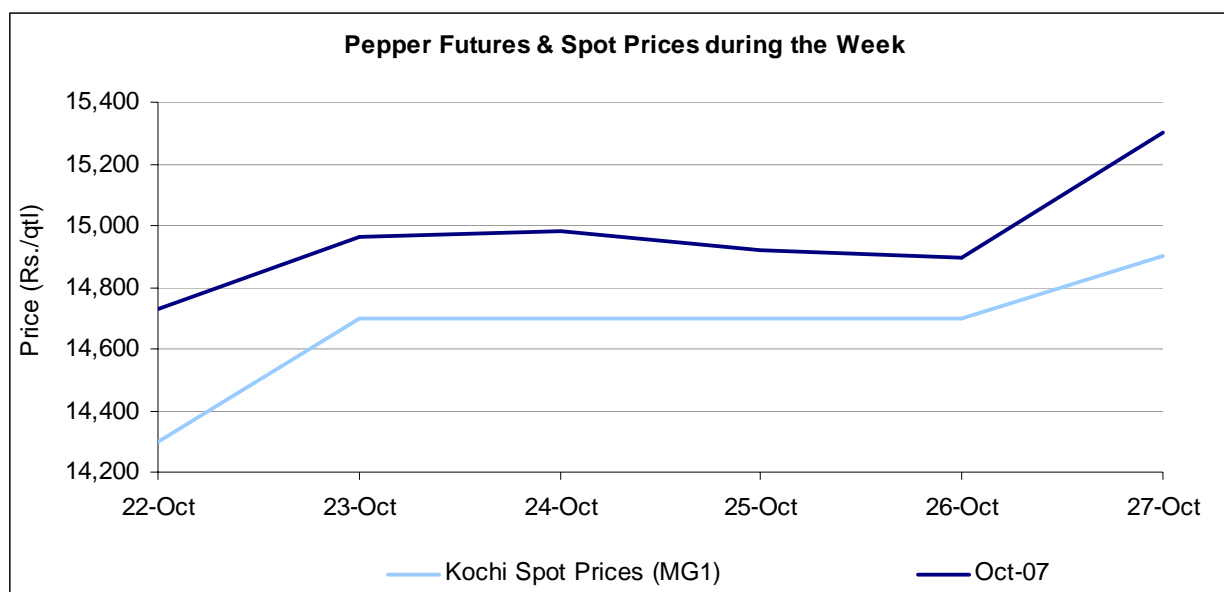
Given that the crop has been attributed to lift the socio-economic status of the people, MPB, as an agency under the Plantation Industries and Commodities Ministry, is responsible for developing the industry. Malaysia is currently the world's fifth largest pepper producer.

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 spot prices at the Kochi markets remained above the futures prices following the normal standard pattern. The difference between the two narrowed down to the least on Friday, after which they deviated from each other. Both the prices exhibited steady uptrend with some correction on Thursday and Friday.



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

Pepper	10/22/07	10/23/07	10/24/07	10/25/07	10/26/07	10/27/07
Ungarbled	13700	14100	14100	14100	14100	14300
Garbled	14300	14700	14700	14700	14700	14900

Opening firm, pepper traded steady at higher levels at the benchmark Kochi market during the week

amidst tight supplies to the physical markets. Adverse weather conditions in the major producing centres of Kerala have restricted supplies to the physical markets and raised concerns over a delayed harvest. Lower stock levels with the major producing countries like Vietnam, Brazil and India are supporting the bullish sentiments. Lack of offers from Indonesia and very limited support from Vietnam for ASTA grade pepper has also contributed to the increase in prices. Exporters have also shown their active presence in the spot as well as futures market. The continuous northeast monsoon is expected to hamper the next crop. Meanwhile, raw pepper exporters from India are

Turmeric:

Turmeric prices rebound from its recent lows following high festive season domestic demand and buying from overseas markets, coupled with restricted supplies due to rains in the growing region. Favorable turmeric export data further aided in recovery of turmeric prices. The Spices Board of India disclosed Turmeric export for April - September increased by about 0.8% on year to 25,800 mt from 25,600 mt. In value terms, Turmeric exports rose 3% on year to US\$ 19.14 mln. Turmeric markets have sufficient stock therefore the expectation of slightly reduced crop this year is not likely to help the prices see any substantial gains.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Oct 15 - 20	Oct 22 - 27
Loose Finger	2175-2250	2175-2275
Loose Gattah	2050-2100	2125-2200

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Oct 15 - 20	Oct 22 - 27
Finger	1875-1950	1875-2025
Gattah	1815-1880	1825-2000

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	Oct 15 - 20	Oct 22 - 27
Nizamabad Finger	2575-2625	2625-2725
Erode Finger Mini Selam	2925-2975	2975-3075
Erode Single Polish Gattah	2525-2575	2575-2657
Selam Finger	4075-5025	5025-5125

Cumin (Jeera):

opting out of committed deals by reaching an understanding with their overseas buyers following a

Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Oct 15 - 20	Oct 22 - 27
Golden Unpolished	148	154
No. 11.5	165-170	175
No. 12	180-185	190

Note: Prices are in Rs. per Kg.

Jeera advanced on high demand from domestic and international markets. The demand for Indian jeera improved on supply disturbances from political unrest in Turkey. International buyers were from Asia and Middle East. In Unjha, arrivals increased from 2000 bags to 4000 bags owing to high demand and increasing jeera prices, though were still short of demand that increased from 5000 bags to 8000 bags. Sporadic sowing of Jeera has begun that may speed up in the near term. Spices Board of India revealed Jeera exports during April - September fell 33.6% on year to 11,250 mt from 16,940 mt. Jeera export value increased to US\$ 29.70 mln from US\$ 26.87 mln. Jeera may trade steady to slightly firm due to high festive demand reducing stocks and low output concerns.

Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	Oct 15 - 20	Oct 22 - 27
FAQ	2270-2320	2310-2340
Ganesh	2460-2540	2500-2560
M/c. Cleaned	2540-2700	2580-2720

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Oct 15 - 20	Oct 22 - 27
Ganesh New	112.25-113.25	113.25-114.25
FAQ	112.25-113.25	113.25-114.25
M/c. Cleaned	120.25-121.25	121.25-122.25

Red Chillies:

Chilli prices remained steady during the week at the benchmark Guntoor market. Domestic demand continued to remain subdued, while the overseas demand was limited from Bangladesh. Demand from Bangladesh for the high quality spice is seen normal throughout the year. Chilli from Madhya Pradesh will hit the market after Diwali, weighing down the domestic markets. Chilli markets are seen fundamentally weak in the medium to long term on surplus stocks in cold storage of around 25-27 lakh bags.

Red Chillies Prices in Guntur Market

Grade	(Rs. /qtl)	
	Oct 08 - 13	Oct 15 - 20
LCA 334 Cold Storage	3700-4300	3900-4350

Cardamom:

Cardamom domestic auctions were weak amidst improved arrivals. The cardamom crop in Kerala is in its second round of picking and fresh arrivals of good quality capsules were observed in the market. Traders observe that the cardamom auctions will extend weakness till peak harvesting season in December. The yield in December will decide the

future course of the market. The prevailing weather conditions are seen favouring harvesting as well as the growth of the standing crop and hence further decline in production can be ruled out. The higher price of India parity is restricting the entry of exporters and overseas buyers into the market. Reliance Retail is in the process of making Kerala its national sourcing center for spices. This will result in round the year demand and ensure a steady income for the grower.

Cardamom Auction Prices in Pulianmalai

Grade	(Rs. /kg)	
	Oct-20	Oct-26
7 mm	460	430

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures rallied during the week with intermittent bouts of selling at MCX as well as NCDEX. The most active NCDEX December contract opened at Rs. 14665/qtl and traded steadily up to close at Rs. 15771/qtl. The uptrend was interrupted on Wednesday through Friday, when the contract traded weak on selling pressure. Open interest and volumes traded surged as compared to the previous week

MCX most active November contract opened at Rs. 13602 and traded steady till Wednesday. The contract surged later to close at Rs. 14490/qtl, after testing the week's high of Rs. 14600 on Friday. Volume traded as well as open interest improved 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
- Depleting inventories
- 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 December Contract			
Support-1	14063	Support-2	13504
Resistance-1	16244	Resistance-2	16496
Strategy	Buy on corrective dips.		

Commodity: Turmeric

NCDEX Turmeric most active November delivery futures prices rebound from its lows during the week. The contract created a fresh low of Rs 1927 per quintal at the start of the week, thereafter gained 4.46 % to the weeks highest of Rs 2013 per quintal. Further the open interest decreased and volumes increased during the week.

PRICE DRIVERS:

- Demand from domestic and overseas markets
- Comfortable supplies
- Fall in acreage expected
- Apr-Sep exports up 0.8 % on yr

OUTLOOK:

Short Term (1 Week): Slightly recover on festive, winter season demand

Medium Term (1 Month): Steady to range bound as festive demand cease.

Long Term (3 Months):): Bearish on higher output, ample stocks

NCDEX Turmeric November Contract			
Support-1	1891	Support-2	1851
Resistance-1	2039	Resistance-2	2104

Strategy

Buy on dips with caution.

Commodity: Jeera

NCDEX Jeera most active December expiry futures prices continued to surge maintaining its uptrend during the week. The contract witnessed a rise of Rs 739, or 6.7% during the week. The prices rallied up to create a new high of Rs 11,741 per quintal near the weekend. However prices dipped a bit as slight profit taking emerged at the end of the week. The volume and open interest both increased during the week, hinting continuation of the uptrend.

PRICE DRIVERS:

- High domestic festive demand
- Demand from overseas
- Low stock level and output.

- Political unrest in Turkey
- Apr-Sep exports down 33.6 % on yr

OUTLOOK:

Short Term (1 Week): Slightly firm on improved festive demand

Medium Term (1 Month): Steady to modestly firm as festive buying ends

Long Term (3 Months): Bullish on lower output and stock levels

MCX Jeera December Contract

Support-1	11550	Support-2	10920
Resistance-1	11945	Resistance-2	12190
Strategy	Buy on corrective dips with caution		

WEATHER WATCH:**METEOROLOGICAL ANALYSIS**

Southwest monsoon withdrew from the remaining parts of the country, Bay of Bengal and Arabian Sea on 22nd October 2007. Simultaneously, the northeast monsoon rains commenced over Tamil Nadu and adjoining states of south peninsula on 22nd October 2007.

An upper air cyclonic circulation lay over extreme south peninsula in lower tropospheric levels during 18th to 20th October 2007 and became less marked thereafter.

A trough of low at mean sea level extended from South-West Bay of Bengal to west-central Bay of Bengal off Tamil Nadu-south Andhra Pradesh coast during 21st to 23rd. A low pressure area formed over southwest Bay of Bengal off Tamil Nadu coast and adjoining Sri Lanka on 24th October with a trough extending from the low towards west-central Bay of Bengal off Andhra Pradesh coast.

An active east-west shear zone passed through extreme south Peninsula extending upto mid-tropospheric level during 22nd to 24th October.

Another trough of low pressure at mean sea level ran from southeast Arabian Sea to eastcentral Arabian Sea off Kerala and Karnataka coasts during 21st to 24th October 2007.

An upper air cyclonic circulation in lower tropospheric levels lay over Assam & Meghalaya and neighbourhood on 18th, over east Assam and neighbourhood on 19th and moved away eastwards on 20th. However, an upper air trough in westerlies ran from Sub-Himalayan West Bengal & Sikkim to Gangetic West Bengal on 20th & 21st and became less marked on 22nd.

RAINFALL**Under the influence of the above systems:**

Fairly widespread rainfall occurred over Andaman & Nicobar Islands, south Coastal Andhra Pradesh, Tamil Nadu, Kerala and Lakshadweep during many days of the week. Isolated heavy to very heavy rainfall occurred over these regions on a few days.

Scattered to fairly widespread rainfall occurred over Rayalaseema, South Interior Karnataka and Coastal Karnataka during many days of the week.

Scattered rainfall occurred over north Coastal Andhra Pradesh and North Interior Karnataka and isolated rainfall occurred over remaining parts of peninsula, south Konkan & Goa and south Madhya Maharashtra on a few days of the week.

Isolated to scattered rainfall occurred over northeastern states and coastal areas of Orissa & West Bengal during first half of the week.

Weather was mainly dry over the remaining parts of the country during the week.

Outlook for the Week Ending On 31st October 2007

Southwest monsoon is likely to withdraw from A low pressure area is likely to form over southeast Bay of Bengal around 27th and intensify further while moving westwards. Under its influence, enhanced rainfall with scattered heavy to very heavy rainfall is likely over Andaman & Nicobar Islands and extreme south peninsula during second half of the week.

Under the influence of another low pressure area over southeast Arabian Sea which is likely to intensify

further, widespread rainfall with isolated/scattered heavy to very heavy falls are likely over Lakshadweep during first half of the week.

.Source: IMD

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