

SPICES

December 24 – 29, 2007

Overview:

- Black pepper traded rangebound during the week.
- Emerging domestic as well as overseas demand pushed up Jeera prices at Unjha.
- Cardamom traded steady to slightly firm during the week at the domestic auctions.
- Turmeric prices improved active buying from the stockists as well as overseas demand, while chilli prices remained stable on steady demand.
- IPC: High prices push India out of global market.

Spices: Domestic Spot Prices for the Week Ending 22.12.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (22.12.07)	Price (Rs/Kg) For the Week (15.12.07)	Last Month Same Week (Rs/Kg) (24.11.07)	Last Year Same Week (Rs/Kg) (23.12.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	131.80	131.17	134.67	97.67
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	522.89	517.39	516.85	252.69
Cardamom (Large)	Bada Dana	Gangtok	141.25	140.00	147.50	102.50
Chilli	Cold storage	Guntur	37.25	33.00	36.50	63.60
Ginger	Best	Cochin	72.50	72.50	71.25	55.00
	Medium	Cochin	62.00	62.00	61.00	45.00
Turmeric	Alleppey finger (AFT)	Cochin	30.00	30.00	27.50	40.00
	Rajapuri	Mumbai	53.50	52.50	52.50	54.50
Coriander	Indore	Mumbai	39.25	39.25	40.25	28.75
Cumin	1%	Mumbai	105.00	103.75	110.63	86.25
Clove		Cochin	256.00	240.00	240.00	320.00
		Nagarcoil	300.00	290.00	290.00	260.00
Cinnamon		Delhi	69.50	69.50	69.50	69.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 21.12.2007:

Spice	Origin/Grade	Market	Price For the Week (21.12.07) (US\$/KG)	Price For the Week (14.12.07) (US\$/KG)	Last Month (21.11.07) (US\$/KG)	Last Year Same Week (22.12.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	3.79	3.79	3.86	2.91
Cardamom (small)	Indian (AGEB)	Saudi Arabia	17.78	17.81	17.01	9.74
Chillies	Indian SANNM-4 (Stem less)	New York	2.21	2.21	2.21	2.65
Ginger	India Cochin	New York	2.65	2.65	2.43	1.96
	Chinese Peeled	New York	1.81	1.81	1.81	1.81
Turmeric	India Alleppey Finger	New York	1.35	1.35	1.79	1.85
Garlic	Chinese	New York	1.79	1.83	1.81	2.61
Coriander	Canada	New York	1.85	1.85	1.85	0.84
Cumin	Syrian	New York	3.29	3.35	3.44	2.32
	Indian	New York	3.29	3.35	3.44	2.32
Fennel	Indian (ASTA)	New York	1.61	1.61	1.57	1.98
	Egyptian	New York	1.61	1.57	1.57	1.65
Fenugreek	India/Turkey	New York	1.15	1.15	1.15	0.99
Clove	Mad/Zanz/Com/ Indo	New York	4.85	4.85	4.81	4.41
	Sri Lanka (Hand picked)	New York	9.37	9.37	9.37	9.37
Cinnamon	Ceylon H2 Cinnamon	New York	6.28	6.28	6.28	5.84

Source: Spices Board of India

IPC: Prices export set to top 3000 crore

If the current trend is any indication, exports of spices from the country are expected to cross an all time high of Rs 3,000 crore during the current fiscal.

Total shipments as on December 31 in the current financial year stood at 2,50,528 tonnes valued at Rs 2,335.24 crore against 2,50,431 tonnes worth Rs 1,781.81 crore in the same period a year ago, official sources said.

Target

The target set for 2006-07 is 3,06,000 tonnes valued at Rs 2,500 crore.

As the exports in terms of value during November and December 2006 were at Rs 292.19 crore and Rs

258.69 crore respectively as against Rs 170.08 crore and Rs 205.54 crore in the corresponding period in 2005, there is every possibility that the total shipments might cross Rs 3,000 crore for the first time in the history of Indian spices exports, they said. Tight supply position in the world market of certain spices coupled with increase in unit value has pushed up the export earnings so far during the fiscal, they told Business Line.

Add to this, the exports of value added products such as curry powder/paste, mint products and spice oils and oleoresins has contributed over 43 per cent of

the total forex earnings during this period. The rise in unit value of mint products has played a significant role. Shipments of this item had gone up to 10,400 tonnes valued at Rs 686.06 crore compared to 9,200 tonnes worth Rs 487.95 crore in April-December 2005. The unit value of mint products also went up from Rs 530.36 a kg in April - December 2005 to Rs 659.68 a kg in the same period this year.

Shipments of curry powder/paste increased to 6,900 tonnes valued at Rs 62.48 crore from 6,363 tonnes worth Rs 54.34 crore, while that of spice oils and oleoresins were at 4,585 tonnes valued at Rs 371.31 crore as against 4,648 tonnes valued at Rs 382.68 crore. This item has shown a marginal decline both in volume and value.

Pepper exports

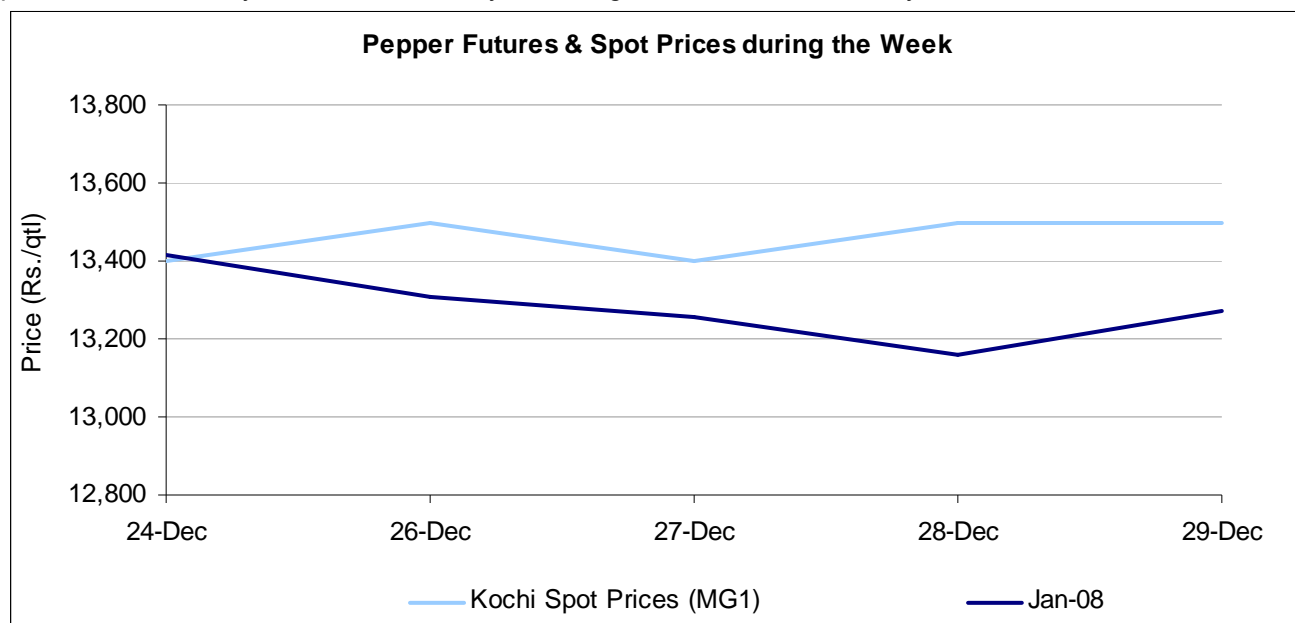
One of the major contributors this fiscal has been pepper, export of which had gone up to 20,000 tonnes valued at Rs 203.53 crore as against 12,091 tonnes worth Rs 101.98 crore in April-December 2005. Thus, the commodity after a long time has improved its performance in terms of value and volume. The unit value had also moved up from Rs 84.34 a kg to Rs 101.79 a kg. The world tight supply position and the competitive price India could offer because of the availability of export subsidy from the Government contributed significantly to the increase in pepper exports, they claimed.

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 January contract prices in NCDEX. The prices showed backwardation during the week. Spot prices were weaker than the futures prices on Monday. However, the downward futures market had resulted in backwardation during the rest of the week. Spot prices witnessed a correction on Thursday, narrowing the gap between the spot and futures prices, while futures prices showed steady downtrend till Friday and a slight correction on Saturday.



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

Pepper	12/24/07	12/25/07	12/26/07	12/27/07	12/28/07	12/29/07
Ungarbled	12800	Closed	12900	12800	12900	12900

Garbled	13400	Closed	13500	13400	13500	13500
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Pepper traded volatile in a thin range at the physical markets amidst lack of ready pepper at the terminal markets. Good domestic demand is reported, much of which was met by direct sales from primary markets, evading tax, though arrivals at the primary markets were also reported to be poor. The pepper prices are likely to fall over the next fortnight on increased selling pressure and lack of buying interest by pepper exporters. Year-end holidays in the US and Europe, coupled with lower trading activity in the domestic spot markets have kept the prices at lower levels. Meanwhile, NCDEX has issued a circular saying that all the commodities future contracts shall be subject to a minimum of 5% of the contract value, except that in the case of gold, applicable from January 1, 2008. This has cheered up the market in the short term. However, the trading sources allege that the decision would help only the speculators. The new crop is expected to hit the terminal markets by next week. Indian output is expected to be below

50,000 tonnes this season, which is likely to match with the country's internal demand, leaving not much exportable surplus. Given this scenario, the prices are unlikely to witness any sharp decline until April/May 2008 and also depending upon the arrival of Vietnam pepper. International markets were reportedly calm and overseas demand was subdued as markets remained closed on Christmas and New Year holidays.

Black Pepper Prices in Delhi Market

(Rs. /kg)

Grade	Dec 22	Dec 29
Golden Unpolished	145	143
No. 11.5	175	175
No. 12	190	190

Note: Prices are in Rs. per Kg.

Turmeric:

Restricted buying at higher levels along with selling at higher levels pulled down turmeric prices at all the major physical markets. The buying interest amongst the stockists still prevails in the market as they are anticipating the prices to fall further. The overseas demand from the traditional Gulf, Japan and European nations continued their buying at steady pace however market players anticipate demand to improve further after the new year. As per the latest data release by the spice board of India turmeric export during the period April-November 2007 declined by 3% in terms of quantity as against year ago to 35500 tonnes valued at 10209.25 lakhs. The prices for the spice is likely to trade range bound to firm during the days ahead on anticipation of good demand amidst buying at the lower price level.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Dec 17-22	Dec 24-29
Loose Finger	2800-3000	2800-3200
Loose Gattah	2700-2950	2750-3100

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Dec 17-22	Dec 24-29
Finger	2450-2525	2650-2750
Gattah	2510-2575	2700-2770

Turmeric Prices in Delhi Market

(Rs. /20kg)

Cumin (Jeera):

Jeera trade at the Unjha market remained quiet and subdued with no major movement in the price. The prices remained steady through out the week amidst steady arrivals as well as offtake in comparison with week ago. The demand was reported to be good from all over India at Unjha as well as Delhi wholesale market however during the days ahead the demand is likely to gain its pace. The supply crunch is likely to support an uptrend for the prices during the days ahead amidst lower stock level around 4.5-4.75 lakh bags as against year ago stock levels. The overseas buying from the traditional Singapore, European as well as Chinese buyers were seen less active during the week as against week ago due to Christmas and New Year celebrations and is anticipated to improve during the days ahead. Meanwhile the exports during April- November were lower at 16,250 tonnes valued at 17,275 lakhs down by 21% in terms of quantity in comparison with same period last year.

Jeera Prices in Unjha Market

Grade	Dec 17-22	Dec 24-29
FAQ	2370-2430	2410-2450
Ganesh	2565-2645	2605-2665
M/c. Cleaned	2645-2805	2685-2825

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Dec 17-22	Dec 24-29
Ganesh New	115-116	117
FAQ	115-116	117
M/c. Cleaned	123.5-124.5	125.5

Red Chillies:

Subdued trading activity at the benchmark Guntur market failed to support any major upward rally in the market. The prices for the red spice traded steady amidst good buying interest amongst the buyers for the premium variety spice. The low availability of the good variety chilli in the market is likely to push up the prices for the red spice during the days ahead. The overseas demand from the traditional Bangladeshi, Malaysian and Singapore buyers is likely to gain its pace after the New Year celebrations this is likely to support the near term firmness in prices. Mean while the chilli exports surged significantly by 56% in terms of quantity as against year ago during the period April - November 2007 to 128000 tonnes valued at 69,636.50 lakhs.

Futures Market (NCDEX):

Commodity: Black Pepper

Pepper futures displayed weak trading during the week at NCDEX. The most active February delivery futures opened firm at Rs. 14038 and traded up the same day to test the week's high of Rs. 14148, which offered stiff resistance. The contract dipped steadily afterwards to test the week's low of Rs. 13415 on Friday, before closing at 13491. Open interest and volume traded improved during the week as compared to the previous week.

PRICE DRIVERS:

- Domestic sellers active at higher prices
- Indian production estimated lower by around 20% at 50,000 tonnes in 2007
- Global supply shortage is estimated at 55,000 MT in 2007
- Depleting inventories at the major origins
- Indian pepper out priced in global market
- Lack of ready pepper at the terminal markets
- New crop to hit markets by next week
- Subdued overseas demand on holidays
- Strong domestic demand

OUTLOOK:

Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	Dec 17-22	Dec 24-29
LCA 334 Cold Storage	2800-3700	3400-3900

Cardamom:

Weakening arrivals at the auctions in comparison with week ago pushed up domestic cardamom prices. The demand for the spice is reported to be improving at the actions as well as Delhi whole sale markets. Overseas demand is anticipated to emerge during the second week of January as soon as the Guatemalan crop hits the market. The buyers are eyeing the Guatemalan price parity as against the Indian variety in the market. Meanwhile the cardamom exports during the month of April- November 2007 declined by 23% in terms of quantity to 260 tonnes valued at 1133.25 lakhs as against year ago. The weather conditions at the Cardamom growing areas of Idukki districts are favorable for the crop and favour the formation of capsules. The prices for the capsules are likely to rule firm during the days ahead on weakening arrivals at the auctions as well as lower production estimates for the season at 9700 tonnes.

Cardamom Auction Prices in Vandanmedu

(Rs. /kg)

Grade	Dec 22	Dec 29
7 mm	560	605

Short Term (1 Week): Steady to slightly weak in the coming week on expectations of fresh arrivals.

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

Long Term (3 Months): Bullish on tight global supply

NCDEX Black Pepper February Contract

Support-1	13030	Support-2	12811
Resistance-1	14148	Resistance-2	14400
Strategy	Sell on recovery towards resistance.		

Commodity: Chilli

Chilli February futures at NCDEX counter traded sluggish in a narrow range. The futures started steady at Rs.3580 per qtl and tested weekly low at Rs.3755 per qtl on the first trading day. The futures during the mid week surged up to Rs.3872 per qtl. The open interest increased amidst subdued volumes traded during the week.

PRICE DRIVERS:

- Low availability of premium variety chillies.
- Emerging export demand from the Bangladesh, Malaysia and Sri Lanka.
- Improving domestic demand by the retailers.
- Good quality arrivals to hit the market during late January.
- EU restriction on chilli imports from Pakistan.

OUTLOOK:

Short Term (1 Week): Steady to firm on anticipation emerging demand in domestic as well as overseas market.

Medium Term (1 Month): Range bound on fresh arrivals hitting the market.

Long Term (3 Months): Steady to weak on higher production estimates due to increase in the acreage.

NCDEX Chilli February Contract			
Support-1	3719	Support-2	3636
Resistance-1	3960	Resistance-2	4081
Strategy	Stay long and buy on corrective dips.		

Commodity: Cardamom

Bulls dominated through out the week on MCX Cardamom January futures. The futures started at Rs.608.5 / kg and traded volatile. The futures during the initial days tested weekly low at Rs.603.5 per kg and thereafter traded firm on active buying support. Profit booking pulled down the prices marginally during the mid week however failed to breach the

initial lows. The futures during the weekend surged testing contract highs to Rs.629 / kg. The open interest gained marginally amidst surge in volume traded in comparison with week ago.

PRICE DRIVERS:

- Anticipation on improvement in the demand in domestic market.
- Low priced imported variety at Rs.150 / kg inclusive all the duties as against average price of Rs.325/kg during Aug-Jul 2006-07.
- Around 30% fall in production estimates to 9700 tonnes during the year 2007-08 as against last year.
- Declining arrivals at the auctions.
- Severe cold restricting the picking operations at the Idukki districts.

OUTLOOK:

Short Term (1 Week): Steady to firm on weakening arrivals at the auctions.

Medium Term (1 Month): Rangebound to firm on anticipation of export demand in the market.

Long Term (3 Months): Firm on fall in 30% of domestic production for the season.

MCX Cardamom January Contract			
Support-1	605.5	Support-2	596
Resistance-1	642.5	Resistance-2	648.5
Strategy	Remain long and buy on corrective dips.		

WEATHER WATCH:

METEOROLOGICAL ANALYSIS

A deep trough of low pressure at mean sea level ran from southwest Bay of Bengal to west central Bay of Bengal off Tamil Nadu and Andhra Pradesh coast on 20th & 21st December.

Another trough of low pressure at mean sea level extended from southeast Arabian Sea to east central Arabian Sea on 20th and 21st and moved away slowly westwards thereafter.

Last week's western disturbance as an upper air system over Jammu & Kashmir and neighbourhood persisted on 20th & 21st December and moved away eastward thereafter.

An induced cyclonic circulation at lower tropospheric levels lay over south Pakistan & adjoining Rajasthan on 20th, West Rajasthan and adjoining Pakistan during 21st to 23rd and became less marked thereafter.

A fresh western disturbance as an upper air system lay over north Pakistan and adjoining Jammu & Kashmir on 24th and over Jammu & Kashmir and neighbourhood on 25th and 26th.

A cyclonic circulation at lower levels lay over Nagaland, Manipur, Mizoram & Tripura (NMMT) and neighbourhood during the week.

RAINFALL

Under the influence of the above systems:

Fairly widespread rain/thundershowers with isolated heavy to very heavy falls occurred over Tamil Nadu & Puducherry, south coastal Andhra Pradesh and Rayalaseema on 20th and 21st and over Lakshadweep on 21st and 22nd.

Isolated to scattered rainfall also occurred over Lakshadweep on 20th, Kerala, south interior Karnataka and coastal Karnataka on 20th and 21st

and Andaman & Nicobar Islands and Tamil Nadu & Puducherry on 22nd.

Isolated rain/snow occurred over Jammu and Kashmir on 21st and 22nd and over Rajasthan on 24th.

Fall in night temperatures is likely over northwest India during second half of the week.

Source: IMD

Outlook for the Week Ending On 2nd January 2008

Fog conditions in morning hours are likely over some parts of Indo-Gangetic plains.

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