

SPICES

December 17 – 22, 2007

Overview:

- Black pepper traded steady to end slightly firm.
- 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 15.12.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (15.12.07)	Price (Rs/Kg) For the Week (08.12.07)	Last Month Same Week (Rs/Kg) (17.11.07)	Last Year Same Week (Rs/Kg) (16.12.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	131.17	133.83	140.17	98.40
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	517.39	548.34	498.73	250.50
Cardamom (Large)	Bada Dana	Gangtok	140.00	131.25	131.25	92.50
Chilli	Cold storage	Guntur	-	32.60	38.60	63.80
Ginger	Best	Cochin	72.50	72.50	70.00	60.00
	Medium	Cochin	62.00	62.00	60.00	50.00
Turmeric	Alleppey finger (AFT)	Cochin	30.00	30.00	25.00	40.00
	Rajapuri	Mumbai	52.50	52.50	36.50	54.50
Coriander	Indore	Mumbai	39.25	41.25	-	29.25
Cumin	1%	Mumbai	103.75	106.88	-	84.38
Clove		Cochin	240.00	240.00	240.00	320.00
		Nagarcoil	290.00	280.00	275.00	270.00
Cinnamon		Delhi	-	69.50	66.50	63.50

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 14.12.2007:

Spice	Origin/Grade	Market	Price For the Week (14.12.07) (US\$/KG)	Price For the Week (07.12.07) (US\$/KG)	Last Month (16.11.07) (US\$/KG)	Last Year Same Week (15.12.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	3.79	3.81	3.86	2.91
Cardamom (small)	Indian (AGEB)	Saudi Arabia	17.81	17.81	16.48	9.16
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	1.81	1.83	1.81	2.61
Coriander	Canada	New York	1.85	1.85	1.85	0.84
Cumin	Syrian	New York	3.35	3.40	3.44	2.32
	Indian	New York	3.35	3.40	3.44	2.32
Fennel	Indian (ASTA)	New York	1.61	1.57	1.57	1.98
	Egyptian	New York	1.57	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: High prices push India out of global market

The country has been literally pushed out of the global pepper market by the three major producing nations, Vietnam, Indonesia and Brazil, who have significantly lowered the prices of the commodity. The country's pepper prices are ruling at \$3,450 a tonne (fob Kochi) against Vietnam's \$3,400 (fob HCMC), Indonesia's \$3,150 (fob Panjang) and Brazil's \$3,050 (fob Belem).

Exporters here felt that fresh crop from Vietnam would arrive earlier than expected, and hence, the country was keen on clearing the old stocks. The higher prices in India are mainly attributed to high volatility in the futures market.

This week the market is looking weak because of heavy selling pressure. Besides, sluggish demand from the US and European Union (EU), the two major importers of pepper, ahead of Christmas and New Year, has further weakened the market.

Meanwhile, the global pepper stock is estimated at around 70,000 tonne as on December 1, 2007, and is projected to drop by 20,000-25,000 tonnes by the February-end. The drop is 30 per cent higher than the last two years. The global stock was more than 90,000 tonnes in 2006, and 100,000 tonnes in 2005.

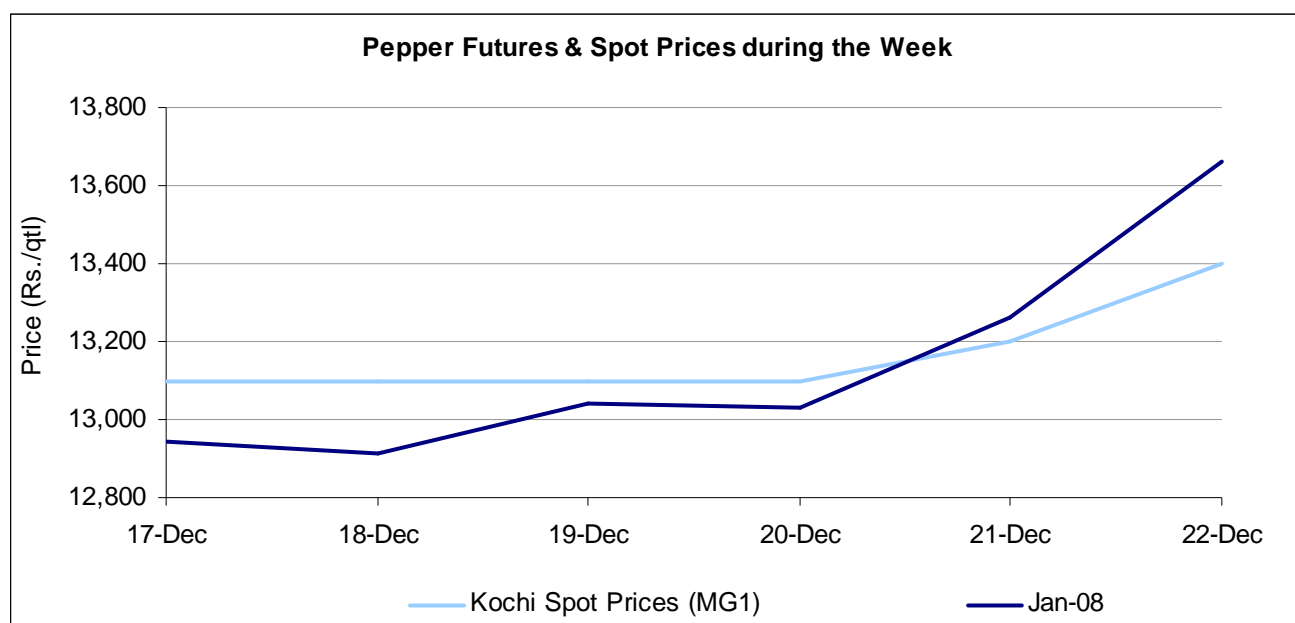
The global pepper output in 2007 is estimated at 280,000 tonnes, while consumption is expected to be 340,000 tonnes.

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 later part of the week. Spot prices remained steady during the early days of the week to end higher, while futures prices showed a steady uptrend. The difference between the two was minimum on Wednesday with spot price exceeding the futures price. However, the prices intersected on Friday, when futures prices overtook the spot price on good buying support at the futures counter.



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

Pepper	12/17/07	12/18/07	12/19/07	12/20/07	12/21/07	12/22/07
Ungarbled	12500	12500	12500	Closed	12600	12800
Garbled	13100	13100	13100	Closed	13200	13400

Pepper physical markets traded steady throughout the week to end slightly firm. The domestic demand was reported to be slightly subdued, while most of the exporters were reportedly closed for Christmas and New Year holidays. International markets are expected to become active from the first week of January 2008. Black pepper supply is expected to be tight in the coming weeks with thin carry over stocks in India and other origins. This is likely to result in overseas buyers covering from India for their first quarter requirements. In India, harvesting has already been delayed due to heavy rain fall, while output is also expected to be at par with the previous year's levels. Hence, a tight supply position is likely in India

also. Good domestic demand is likely to keep the Indian parity at higher levels. The projected drop in the world availability in 2008 is likely to maintain the prices at the current levels, with chances of moving up depending upon the Vietnam crop arrivals in late March or early April. Meanwhile, Indian pepper imports recorded a substantial decline during the first seven months of the current year. As against 12,167 tonnes in April-October 2006 valued at 98.52 crores, the arrivals during the corresponding period in 2007 stood at 7550 tonnes, valued at 106.31 crores. The pepper markets are finding a short term support in the move by the exchanges to withdraw additional margins in all pepper contracts with effect from December 24, 2007.

Black Pepper Prices in Delhi Market**(Rs. /kg)**

Grade	Dec 10-15	Dec 17-22
Golden Unpolished	143	145

Turmeric:

Mixed trading activity was witnessed at domestic Turmeric auctions in all the major physical markets. Slight weakness in the prices was observed during the mid week as higher price level capped the buying interest. The demand for the spice continues to remain firm with active buying support from all the sectors as well as stockists. The traditional overseas buyers from Gulf, Japan and European nations continued their buying at steady pace however market men anticipate demand to improve further after the new year. The arrivals of the fresh crop in Nizamabad as well as Maharashtra are likely to hit the market from mid - last week of January. Prices for the spice is likely to remain range bound to slightly firm during the days ahead on emerging demand at corrective dips in the market.

Turmeric Prices in Erode Market**(Rs./qtl)**

Grade	Dec 10-15	Dec 17-22
Loose Finger	2600-2750	2800-3000
Loose Gattah	2550-2650	2700-2950

Turmeric Prices in Nizamabad Market**(Rs./qtl)**

Grade	Dec 10-15	Dec 17-22
Finger	2180-2325	2450-2525
Gattah	2210-2345	2510-2575

Turmeric Prices in Delhi Market**(Rs. /qtl)**

Grade	Dec 10-15	Dec 17-22
Nizamabad Finger	2925-3025	3050-3300
Erode Finger Mini Selam	3250-3350	3325-3650
Erode Single Polish Gattah	2850-2950	2925-3350
Selam Finger	4075-4175	4150-4650

Cumin (Jeera):

Jeera prices at the Unjha physical markets witnessed mixed trading activity. In comparison with week ago the prices ruled firm at the auctions. The arrivals as well as the offtake improved marginally towards the

No. 11.5	175	175
No. 12	190	190

Note: Prices are in Rs. per Kg.

weekend. Domestic demand from the northern states is seen improving and pushed up the prices for the spice. The overseas buying from the traditional Singapore, European as well as Chinese buyers were seen active during the week and is likely to improve further. As per market men the current inventory level in the market is reported to be low at around 4-5 lakh bags as against last year's 8-9.5 lakh bags during the same time. The current low stock level is reported to be insufficient to meet the demand till the arrivals of the fresh crop which is scheduled around last week of February 2008. Meanwhile the climate at the jeera growing areas of Rajasthan and Gujarat is reported to be favourable during the initial stage. The prices for the spice is likely to trade firm during the days ahead amidst emerging demand for the spice.

Jeera Prices in Unjha Market**(Rs. /20kg)**

Grade	Dec 10-15	Dec 17-22
FAQ	2330-2385	2370-2430
Ganesh	2525-2605	2565-2645
M/c. Cleaned	2605-2765	2645-2805

Jeera Prices in Delhi Market**(Rs./kg)**

Grade	Dec 10-15	Dec 17-22
Ganesh New	114-5-115	115-116
FAQ	114.5-115	115-116
M/c. Cleaned	123-123.5	123.5-124.5

Red Chillies:

Low availability of the good variety chilli in the market pushed up the prices for the red spice at the benchmark Guntur markets. The arrivals as well as offtake were marginally low in comparison with week ago. The demand for chillies continued to remain good and is likely to remain the same during the days ahead. The overseas demand from the traditional Bangladeshi, Malaysian and Singapore buyers are reported to be active in the market. Mean while the chilli crops are at their maturity stage and there are chances of isolated rain / thundershowers at the Andhra Pradesh chilli growing areas as per the IMD predictions and untimely rains is likely to damage the crops. The prices for the spice is likely to trade range bound to firm during the days ahead on prevailing good demand for the commodity.

Red Chillies Prices in Guntur Market**(Rs. /qtl)**

Grade	Dec 10-15	Dec 17-22
LCA 334 Cold Storage	2800-3700	3200-4000

Cardamom:

Domestic cardamom witnessed a quiet trading session during the week with no major price movement seen at the auctions. The average prices for the coloured variety spice were quoted at Rs.530 per kg as against Rs.350 per kg during year ago as per the secretary of Cardamom Growers Association. Cardamom imports during the period April - October 2007 almost doubled due to higher average price fetched for the price during the year in comparison with the prices of other origins at Rs 89.80 a kg this year as against Rs 97.23 in April-October last year.

The demand for the capsules were reported to be steady in the domestic front however traders anticipate overseas demand from the Middle East countries to improve during the days ahead. Meanwhile the 5th round of picking is due to start and is likely to extend till mid January. The recent continues showers at the cardamom growing areas are beneficial for the formation of capsules as well as this is likely to reduce the dependence for irrigation. Prices are likely to trade steady during the days ahead on steady demand amidst favourable weather conditions at the cardamom growing areas.

Cardamom Auction Prices in Vandanmedu

(Rs. /kg)

Grade	Dec 15	Dec 22
7 mm	550	560

Futures Market (NCDEX):

Commodity: Black Pepper

Pepper futures traded steadily up after an initial dip. The most active January contract opened at Rs. 13139 and traded down initially to test a low of Rs. 12790 on Tuesday, where it found some support. The contract improved steadily thereafter and tested the week's high of Rs. 13730 on Saturday, before ending at 13660. Open interest and volume traded were lower 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
- Higher price of Indian pepper in the global market
- Lack of sellers of ready stock
- Subdued overseas demand
- Strong domestic demand
- Imports of the spice from Brazil and Indonesia

OUTLOOK:

Short Term (1 Week): Steady to slightly firm in the coming week on strong domestic demand.

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 January Contract			
Support-1	12790	Support-2	12603
Resistance-1	13968	Resistance-2	14400
Strategy	Buy on corrective dips with caution.		

Commodity: Turmeric

Bulls continued to rule over NCDEX turmeric April futures during the week amidst slight profit booking during the initial days and witnessed a volatile trade. The contract during the initial days weakened marginally to Rs.2665 per quintal after started firm at Rs.2701 per quintal. The bulls continued to dominate and rallied to test contract high at Rs.2873 per quintal towards the weekend on active buying support. The volumes traded as well as the open interest surged significantly to support the firm trend.

PRICE DRIVERS:

- Emerging demand in domestic market.
- Stockists holding the inventories in anticipation of further rise in price.
- Fall in acreage around 20 % for the season at the major growing areas.
- Pest attacks at the major growing centers affecting the yield of the crop.

OUTLOOK:

Short Term (1 Week): Steady to firm on anticipation of buying at lower levels.

Medium Term (1 Month): Rangebound on sufficient inventories with the stockists as well as fresh arrivals likely to hit the market.

Long Term (3 Months): Range bound on sufficient inventories amidst lower acreage for the season.

NCDEX Turmeric April Contract			
Support-1	2613	Support-2	2542
Resistance-1	2989	Resistance-2	3053
Strategy	Stay long and buy on corrective dips and trade cautiously.		

Commodity: Jeera

Jeera most active February futures witnessed active bulls during the week after trading in a range. The contract during the initial days traded steady and witnessed a low at Rs.9865 per quintal after opening firm at Rs.9950 per quintal. Fresh accumulations of long positions pushed up the prices to witness a high at Rs.10865 per quintal. Both the volumes traded as well as the open interest surged significantly remained in the favour of up trend.

PRICE DRIVERS:

- Improving demand in the domestic front northern states of the country.
- Low carry forward stock at around 4-5 lakh bags is likely to be insufficient till the fresh crop arrivals around mid February.
- Emerging overseas demand from China, Singapore and European nations.

- Slight improvement in the acreage at Rajasthan around 15% on higher price level during the year.

OUTLOOK:

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

Medium Term (1 Month): Firm on lower inventories as against previous season.

Long Term (3 Months): Steady to firm on seasonal demand as well as fresh arrivals in the market.

NCDEX Jeera January Contract

Support-1	10205	Support-2	9958
Resistance-1	11150	Resistance-2	11500
Strategy	Buy on corrective dips.		

WEATHER WATCH:

METEOROLOGICAL ANALYSIS

Last week's low pressure area over southwest Bay of Bengal off southeast coast of Sri Lanka became well marked over the same area on 13 December morning. The well marked low pressure area lay over southwest Bay of Bengal and adjoining coastal areas of south Tamil Nadu & north Sri Lanka, on 14th and became less marked on 15th. However, an associated cyclonic circulation extending upto mid tropospheric levels lay over Comorin area and adjoining south Tamil Nadu and Kerala and became less marked on 16th.

Last week's upper air cyclonic circulation in lower tropospheric levels over West Madhya Pradesh and neighbourhood lay over West Uttar Pradesh and neighbourhood on 13th and became less marked on 14th.

Easterly waves sometimes with embedded upper air cyclonic circulations at lower tropospheric levels passed through Andaman & Nicobar Islands, South Bay of Bengal, extreme south peninsula and southeast Arabian Sea.

Cold wave conditions prevailed over some parts of Rajasthan, Haryana, Punjab, Jammu & Kashmir, East Uttar Pradesh, Bihar and Jharkhand during second half of the week.

A western disturbance as an upper air system lay over Jammu & Kashmir and neighbourhood on 13th, over Himachal Pradesh and neighbourhood on 14th and moved away eastward thereafter.

An another western disturbance as an upper air system lay over north Pakistan & adjoining Jammu &

Kashmir on 18th, over Jammu & Kashmir and neighbourhood on 19th.

RAINFALL

Under the influence of the above systems:

Fairly widespread to widespread rain/thundershowers with isolated to scattered heavy to very heavy falls occurred over extreme south peninsula on 14th, 15th, 18th & 19th. Isolated rain/thundershowers occurred on remaining days of the week.

Isolated to scattered rain/snow occurred over Jammu & Kashmir and Uttarakhand on 13th and over Himachal Pradesh on 13th & 14th December.

Isolated to scattered rain/thundershowers occurred over West Uttar Pradesh and West Madhya Pradesh on 13th & 14th.

Isolated to scattered rain/thundershowers occurred over coastal Orissa and Coastal Andhra Pradesh on a few days of the week.

Fairly widespread to widespread rain/thundershowers with isolated heavy to very heavy falls occurred over Andaman & Nicobar Islands on 16th. Isolated to scattered rain/thundershowers occurred on remaining days of the week.

Mainly dry weather prevailed over remaining parts of the country during the week.

Outlook for the Week Ending On 19th December 2007

Scattered to fairly widespread rain/thundershowers with isolated heavy falls is likely over extreme south peninsula during first half of the week.

Source: IMD

The minimum temperatures are likely to remain below normal by 2-4°C over plains of northwest & East India and adjoining central India.

Isolated to scattered rain/snow is likely over some parts of Western Himalayan Region during second half of the week.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.