

## Spot Market Recap

### Turmeric:

- Turmeric markets remained weak as buying activity declined over the week.
- Demand weakened and most participants were inactive.
- Markets may move lower in the next week as higher arrivals are expected from farmers and a continuing weak demand from most of the market participants.
- Sources added that kharif sowing has started and the sowing has been good this year.

### Cumin Seed:

- Cumin Seed markets remained steady supported by reports of firm export demand and a lower Syria and Turkey crop.
- Futures markets fell heavily this week as ample stocks in the warehouse prompted market operators to sell in the market.
- Arrivals will start to decline in the coming week in all trading centers and this may push the markets higher.
- Arrivals usually decline from the month of May.

### Coriander Seed:

- Coriander Seed markets ended on the lower side this week owing to weak demand from the stockists coupled with lack of aggressive buying from masala millers. Currently they are waiting for prices to cool off further to book their monthly requirements.
- Meanwhile, it is expected that supply could increase in the coming week from major trading centers which may pull markets lower in the short-run.

### Black Pepper:

- Black Pepper fell as demand remained sluggish.
- At the same time, stockists are a bit hesitant to liquidate their stocks in anticipation of better prices during coming couple of weeks.
- However, we expect prices to cool off during coming couple of days coinciding with the arrivals from Brazil, Indonesia and Malaysia if the weather remain congenial which might lead to active harvest in the major pepper growing countries.

### Cardamom:

- Cardamom markets remained firm during the past week as it found buying support at lower price quotes and relatively thinner arrivals week on week basis.
- Markets may move lower in the next week as arrivals are expected in the international markets.

### Red Chilli:

- No fresh change in fundamentals could be seen for Red Chilli as the markets remained closed till June 1st week due to annual summer vacations.

## Fundamental analysis

### Turmeric Arrival Scenario:

Market	% Change during corresponding period last year	Arrivals during the week (18-25 May 2011) in bags	Arrivals during Previous week (11-18 May 2011) in bags	Arrivals during last year (18-25 May 2010) in bags
Nizamabad(Andhra Pradesh)	-11.76	9,000	13,000	10,200
Erode(Tamil Nadu)	+89.09	52,000	43,000	27,500

1 bag = 90kgs

Taking Nizam markets as indicative market Turmeric cash markets remained weak in the last week amid lower arrivals compared to last year. With the arrivals totalling of just 9,000 bags over this week markets remained lower. Arrivals were lower as sources in the markets say that auction has been temporarily paused as very high arrivals of Rice has jammed the Mandi.

Nizam prices might fall further as acreage estimates is expected to be higher this year. Sources added that farmers had started sowing in the month of March and farmers are showing keen interest for turmeric sowing due to good prices in the month of March. However, Nizam markets since has fallen 26% as farmers had sowed more. Same is the case in Erode as markets since has fallen 29% as farmers had sowed more. However, y-o-y prices realization still stand encouraging for the farmers to opt turmeric which might results into significant rise in turmeric area during 2011.

Market	% Change during corresponding period last year	Average Prices during the week (18-25 May 2011) in Rs/qrtl	Average Prices during Previous week (11-18 May 2011) in Rs/qrtl	Average Prices during the month of March (18-25 May 2010) in Rs/qrtl
Nizamabad(Andhra Pradesh)	<b>-26.54</b>	8550-8650	8550-8650	11650-11775
Erode(Tamil Nadu)	<b>-29.77</b>	9260-10260	9600-10600	13908-14608

**Nizam prices= Nizam quality**

**Erode prices=Finger quality**

## Turmeric carry-out stock for the last 3 years

Ending stock	
Year	Erode
Jan-09	2-3 lakh bags
Jan-10	50,000 thousand-1 lakh bags
Jan-11	10-12 Lakh bags
<b>1 bag = 90 kgs</b>	

Turmeric carry-over stock in the year January 2009 was higher at 2-3 lakh bags before the new arrivals started to flow in. The previous year production 2008-09 was about 50 lakh bags. The carry-over significantly declined in 2010 owing to significant decline in production which hovers near 40-45 lakh bags. Followed by a record production during 2010-11 amid higher acreage and better yield, carry forward has improved dramatically in January 2011. Despite record carryover stocks for 2010-11, prices ruled at higher levels during Jan – Feb as there were limited stocks in the pipe line and better domestic and export demand. However, with the onset of new crop arrivals price was declined nearly by 26.5% when compared with the previous year same period.

## Turmeric Statistics for 2010-11

Year	Production
2009-10	40-45
2010-11	65-70

**Production in Lakh Bags**

**1 bag = 90 kgs**

Turmeric production in 2009-10 was 40-45 lakh bags and in 2011-11 production is estimated at 65-70 lakh bags. Carry forward for the 2010-11 was 10-12 lakh bags. This suggests a 55% increase in production in 2010-11 which is likely to keep medium to long term fundamentals on a soft note moving forward

**Long term impact:** However, long term price will be dependent on actual sowing progress and final acreage which is likely to be clear by June end.

## Turmeric Price Outlook

Turmeric was trading in the price band of Rs. 8,600-11,300 per quintal in the Nizam market (indicated by the blue lines) which is expected to drop in the next week due to higher production number anticipated as farmers have increased acreage of cultivation due to good monsoon predicted. So we expect a prices drop of another Rs.500/quintal for the next week firstly due to weak demand and secondly due to higher arrivals expected in both Erode and Nizam. We are expecting that prices may drop to the extent price band of Rs. 8,000/quintal (indicated by the red line).

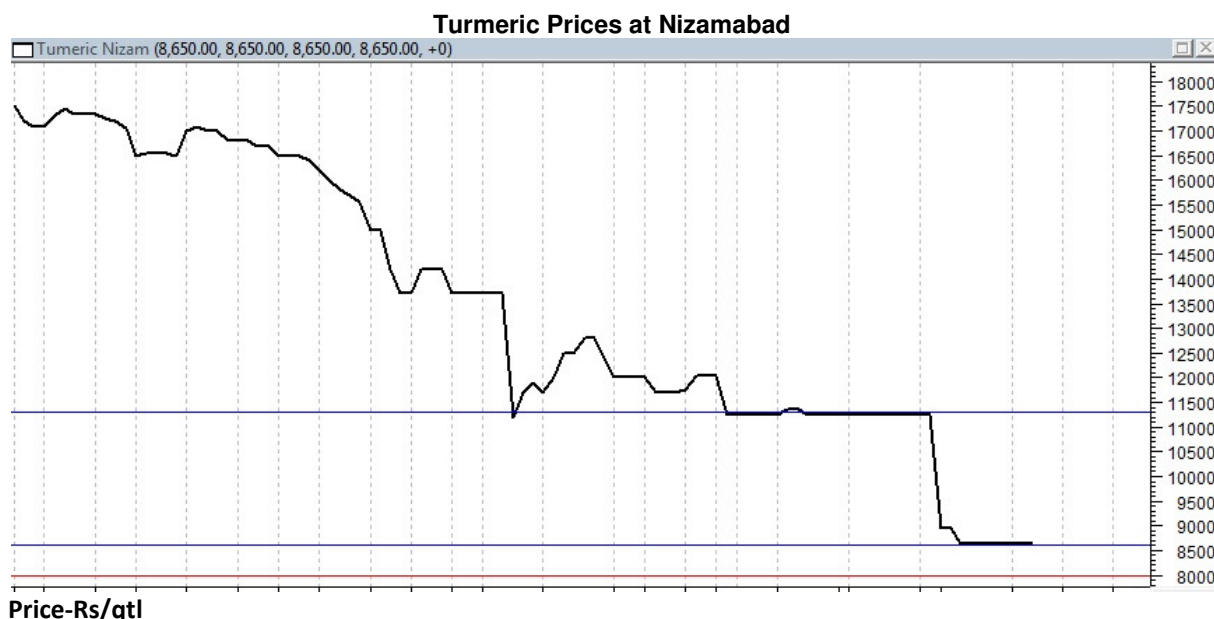
## Expected Price range of Turmeric Prices for next week

Markets	Expected Range of Turmeric
Nizamabad	8000-8100
Erode	8000-8100

**Prices-Rs/quintal**

**Nizam prices- Nizam quality**

**Erode prices-Gattah quality**



## Fundamental analysis

### Jeera Arrival Scenario:

Market	% Change during corresponding period last year	Arrivals during the week (18-25 May 2011) in bags	Arrivals Previous week (11-18 May 2011) in bags	Arrivals during last year (18-25 May 2010) in bags
Unjha (Gujarat)	+20.96	37,500	61,000	31,000
Jodhpur (Rajasthan)	+207.69	800	950	260

Unjha 1 bag = 55kgs

Jodhpur 1bag = 80kgs

Taking Unjha cash markets as indicative market, arrivals remained higher at 37,500 bags during the week of May 18-25, 2011 as against 31,000 bags in the same period last year. Arrivals were higher from Rajasthan. Arrivals were higher this year as production in the Rajasthan is expected to be ranging from 7-8 lakh bags in 2010-11 compared to 3-4 lakh bags in 2009-10.

However, as per the trade sources the total production of Cumin seed in the current season is likely to be around 21 lakh bags which are 3 lakh bags less than the earlier projection. Higher arrivals might keep short term fundamentals on a soft note but during the fag end of arrivals one can expect prices to start rising during medium term perspective.

However, crop output is expected to stay normal in Syria and Turkey and fresh arrivals is expected from July which might keep luring the international buyers till July. Moreover, with expectation of marked decline in arrivals during July shall divert the international demand towards Syria and Turkey.

However, crop size from Syria and Turkey is dependent on the weather and it's becoming more important factor to define jeera production in the above countries. According to MSN weather, Turkey and Syria could see thundershowers in the next week which might deteriorate the quality of jeera and even production if it coincides with maturity as jeera crop is in grain filling to maturity stage in these countries. Any major weather aberration over these countries especially during maturity to harvest stage shall underpin the market sentiments moving forward.

Previous year jeera production from Turkey and Syria (combined) produced 35,000 tonnes while this year it might be lower at 30,000 tonnes.

## Carry-over stock for the last 2 years

Jeera carry-over stock for 2010 hovers at 12 lakh bags which were declined by more than 50% during the subsequent year. Apart from sharp decline in the carry in stock production during 2010-11 is also expected to decline which is likely to hover near 21 lakh bags compared with 29 lakh bags during 2009-10. Major decline is primarily reported from Gujarat owing to un-favourable weather condition during maturity to harvesting stage.

## Jeera carry-out stock for the last 2 years

Ending stock	
Year	Erode
2010	12 lakh bags
2011	5 lakh bags
1 bag = 55 kgs	

## Jeera Price Outlook

Jeera was trading in the price band of Rs. 13,700-14,000 per quintal (indicated by the blue lines) which is expected to stay in a tight range. Any further decline in jeera prices shall stand discouraging for jeera growers to bring their produce at market yard. The same shall lend underlying support to the prices once arrivals starts to thin. With expectation of decline in arrivals days ahead we expect prices to stay in the range of Rs.14000 to 14,500/quintal (indicated by the red line).

At the same time, weather aberration in Turkey and Syria and anticipation of losses from these countries are also likely to lend additional support to the jeera prices.

## Expected Price range of Jeera Prices for next week

Markets	Expected Range of Jeera
Unjha	14,400-14,500
Jodhpur	14,200-14,400
Nagaur	14,200-14,400

## Prices-Rs/quintal

### Unjha prices- Loose quality

### Jodhpur and Nagaur-Unpolished quality



Price-Rs/ql

## Fundamental analysis

### Coriander Arrival Scenario:

Market	% Change during corresponding period last year	Arrivals during the week (18-25 May 2011) in tonnes	Arrivals during Previous week (11-18 May 2011) in tonnes	Arrivals during last year (18-25 May 2010) in tonnes
Ramganj (Rajasthan)	<b>+24.50</b>	245.08	434.1	199.25
Kota (Rajasthan)	<b>+108.83</b>	614.29	654.6	294.15
Baran (Rajasthan)	<b>+39.63</b>	114.5	-	82

**Kota, Ramganj and Baran 1 bag = 40kgs**

Taking Kota cash markets as indicative market, arrivals remained higher at 614.29 tonnes during the week of May 18-25, 2011 as against 294.15 tonnes in the same period last year. Arrivals were higher as total carry forward stocks have been estimated 25-30 lakh bags.

### Carry-over stock for the last 2 years

Coriander seed carry-over stock in the year 2010 was lower at 15-20 lakh bags compared with 25-30 lakh bags during 2010-11. However, lower production expectation for 2010-11 shall bring overall availability at lower levels y-o-y.

### Coriander carry-out stock for the last 2 years

Ending stock	
Year	Erode
2010	15-20 lakh bags
2011	25-30 lakh bags
<b>1 bag = 55 kgs</b>	

### Coriander Price Outlook

Coriander was trading in the price band of Rs. 3,395-3,800 per quintal (indicated by the blue lines) which is expected to move down on account of expectation of surge in arrivals during coming week. We expect prices to move lower to the extent price band of Rs. 3200/quintal (indicated by the red line). Sources also added that prices might decline in the next week and are likely to extend the previous week weakness as peak arrival of coriander is expected from Rajasthan.

### Expected Price range of Coriander Prices for next week

Markets	Expected Range of Coriander
Kota	3200-3400
Ramganj	3000-3200
Baran	3400-3600

### Prices-Rs/quintal

**Kota, Ramganj and Baran prices- Badami quality**

### Coriander Prices at Ramganj



Price-Rs/qrtl

## Fundamental Analysis

### Black Pepper Arrival Scenario:

Market	% Change during corresponding period last year	Arrivals during the week (18-25 May 2011) in tonnes	Arrivals during Previous week (11-18 May 2011) in tonnes	Arrivals during last year (18-25 May 2010) in tonnes
Kochi (Kerala)	-53.44	135	192.5	290

Arrivals remained lower at 135 tonnes during the week of May 18-25, 2011 as against 290 tonnes in the same period last year. Arrivals were lower as peak season is over coupled with lower production estimation for 2010-11. Black pepper production for the ensuing season is likely to hover near 48000 tonnes compared with previous year production of 50000 tonnes which results into sharp surge in prices during the beginning of the season.

### Black Pepper Statistics for main producers

Year	Brazil	India	Indonesia	Malaysia	Vietnam	Total
2010	34,000	50,000	52,000	24,227	95,000	2,55,227
2011	35,000	48,000	37,000	25,672	1,00,000	2,45,672

### Production in tonnes

Global black pepper production in 2010- was 2,55,227 tonnes which is likely to decline during 2011 and is expected to hover near 2,45,672 tonnes. This suggests a 3.744% decrease in production year on year basis. Given the lower global pepper production we expect global prices to stay firm for medium to long term.

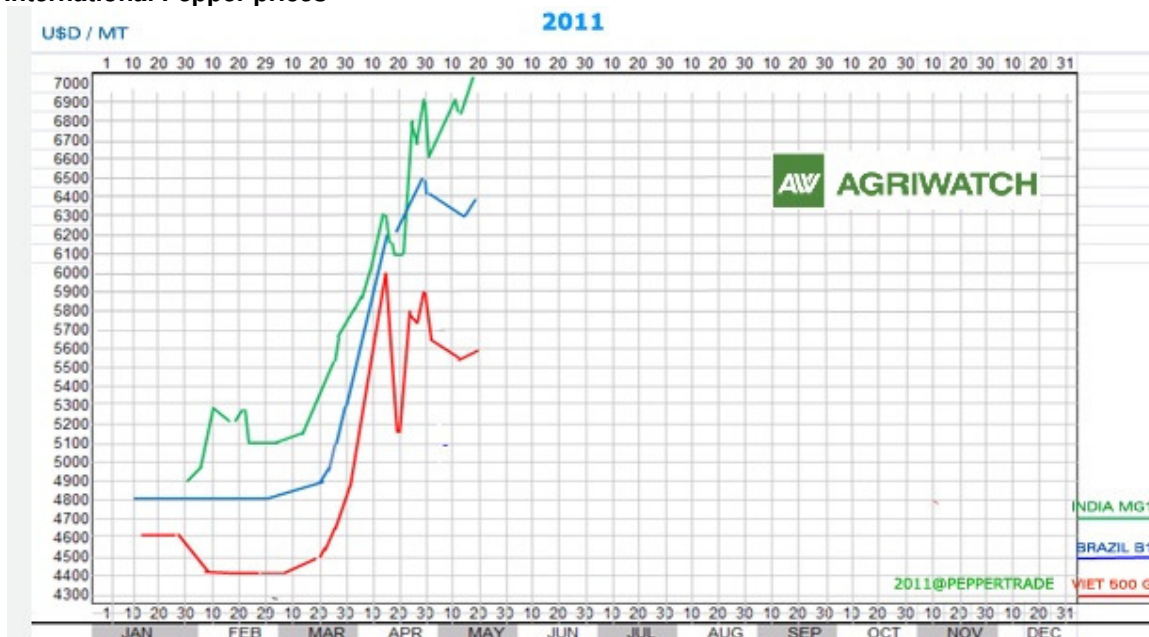
Keeping in view the arrivals from major pepper growing country which is likely to start in near term we expect a temporary decline in global prices. However, any major decline in global pepper prices would be a buying opportunity for importers.

### Black Pepper Price Outlook

Black was trading in the price band of Rs. 26875-27000/quintal (indicated by the blue lines) which is expected to move down on pressure from countries like Malaysia, and Indonesia.



## International Pepper prices



Prices-US/MT

However, current spread between the Indian Asta MG-1 quality and Brazil B1 quality is \$600/MT. The normal spread between the two usually hovers near USD 500/MT which is marginally on a higher side. This might encourage US and European buyers to wait for the crop from Indonesia, Malaysia and Brazil to go for active booking of order. However any delay in crop harvest owing to rainfall forecast for Indonesia and Malaysia shall again bring back the demand to Indian ports. Considering the weather forecast for equatorial countries and any possible delay in harvest we are expecting black pepper prices to inch higher and to hover near Rs. 31500/quintal.

### Expected Price range of Black Pepper Prices for next week

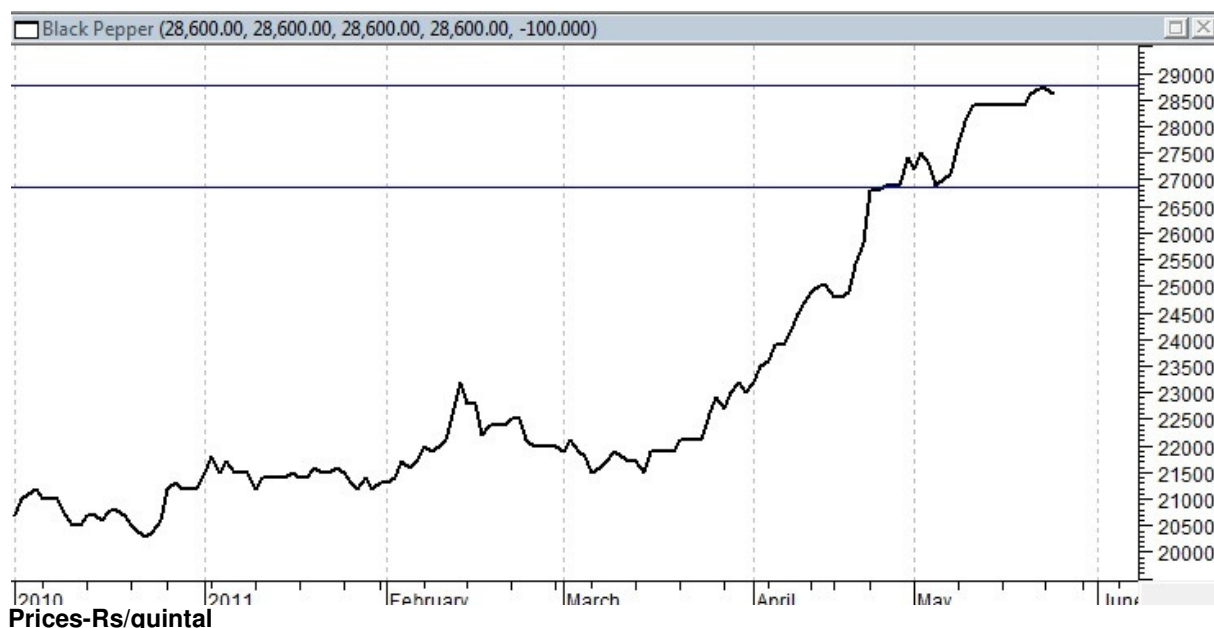
Markets	Expected Range of Black Pepper
Kochi	31500
New Delhi	32000

### Prices-Rs/quintal

Kochi- Ungarbled quality

New Delhi-Unpolished quality

### Domestic Pepper Prices



## Fundamental Analysis

### Cardamom Arrival Scenario:

Market	% Change during corresponding period last year	Arrivals during the week (18-25 May 2011) in Kgs	Arrivals during Previous week (11-18 May 2011) in Kgs	Arrivals during last year (18-25 May 2010) in Kgs
Vandanmettu, Thekkady, Kochi, Nedumkandam, Kumily, Santhanpara & Bodinayakanur (Kerala)	+102.24	235,252	197,331	116,321

Arrivals remained higher at 235,252 Kgs during the week of May 18-25, 2011 as against 116,321 Kgs in the same period last year. Higher arrivals are mainly attributed to increased production during 2011 which is expected to hover near 13,000 tonnes compared to lower production previous year. Favourable weather conditions during most part of the growth phase results into better production. At the same time higher production number during the ensuing season kept cardamom prices on a soft note.

Demand is likely to pick up after August when Ramadan demand is expected from Middle East. Immediate demand is likely to stay steady to weak owing to higher production estimates and lack lustre buying interest from stockists.

At international from cardamom production from Guatemala is likely to decline to 20,000 tonnes from the previous 27,000-30,000 tonnes. Anticipation of sharp decline in Guatemala crop during 2010-11 is likely to shift demand towards India which might lend support to the falling cardamom prices. The total carry-overstock in India is about 2,000 tonne compared almost Nil in the last year.

### Expected Price range of Cardamom Prices for next week

Markets	Expected Range of Cardamom
Vandanmettu	720-740
Bodinayakanur	585-610
Santhanpara	610-625

Prices-Rs/Kg



**Vandanmettu, Bodinayakanur and Santhanpara - Loose quality**
**Red Chilli**

The red chilli markets at Guntur will be closed till June 1st week due to summer vacations. However sources added that after summer vacations market may re-open with expectation of surge in arrivals which is likely to soften the market sentiments. Guntur market cold storages have the stock holding capacity of 85 lakh bags and at present total stock position in cold storages are 35 lakh bags. However, one can expect buying interest to improve at lower chilli quotes as stocks lying in cold storage stocks are slightly lower compared to last year. Market participants are expecting Rs.10000/quintal price for chilli when market activities start from 6<sup>th</sup> June onwards.

**Spot Prices Weekly Change**

Commodity	Centre	Variety/Type	Price Rs/Qtl		Change
			25.05.11	18.05.11	
Black Pepper	Kochi	Ungarbled	28000	28400	-400
		Garbled	28800	29200	-400
	New Delhi	Unpolished	28000	29200	-1200
		Number 11.5	33000	32500	+500
Turmeric	Erode	Finger	8950-9950	9200-10200	-250
		Gattah	8450-9450	8700-9700	-250
	Nizamabad	Nizam	Closed	8550-8650	-
	Cumin Seed	Unjha	Loose	13700	13700
Machine Cut			14275	14275	-
NCDEX Quality			14775	14775	-
Jodhpur		Loose	14000	14000	-
Nagaur		Unpolished	14000	14000	-
Red Chilli	Guntur	LCA 334	Closed	Closed	-
		Bedki	Closed	Closed	-
Coriander Seed	Ramganj	Badami	3350-3450	3600-3700	-250
		Eagle	3650-3750	3900-4000	-250
	Kota	Badami	3575	4000	-425
		Eagle	3675	4100	-425
	Baran	Badami	3675-3775	3900-4000	-225
		Eagle	3825	4050	-225
Price Rs/Kg					
Cardamom (Small)	Vandanmettu, Thekkady, Kochi, Kumily, Nedumkandam, Santhanpara & Bodinayakanur	Small			
		Max Auction Price	877.5	963.5	-86
		Average Auction Price	659.32	790.74	-131.42

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