

Spot Market Recap

Turmeric:

- Limited arrivals from producing areas were reported in the spot market during the month period.
- Satisfactory reports of turmeric sowing in Andhra Pradesh, Tamil Nadu and Maharashtra was reported during this month end.
- Having enough quantity of stocks amid increasing production y-o-y, stockists are inactive in the domestic market.
- Also, inactive response from Masala Millers in the spot market at higher price level was reported during this period under review.

India's total production of turmeric in the current year is estimated at 65-68 lakh bags, which is higher by 29.32% as compared to the last year. Expectations of optimistic crop outlook for next year which might surpass the current year production keep overall market sentiments weak.

Fundamental analysis

Monthly Turmeric Arrival Scenario:

Market	% Change during corresponding period last month	Arrivals during the July 2011 in bags	Arrivals during the June 2011 in bags	Arrivals during July 2010 in bags
Nizamabad (Andhra Pradesh)	-62.33	29000	77,000	20,220
Erode (Tamil Nadu)	-2.89	117,500	121,000	128,000

1 bag = 90kgs

As illustrate from the above table, monthly arrivals in Nizam was reported at 29,000 bags during June lower by 48,000 bags as compared to the same period last month. Lean season and grower's unwillingness to bring the stocks at lower quotes are the reason for lower arrivals these days. Similarly in Erode spot market also lower arrivals was reported down during period under review. Arrivals were reported at around 117,500 bags lower by 3,500 bags m-o-m.

As per trade information, higher stocks, better production prospect and anticipation of increase in carry out stocks for the next season continue to weigh on the prices. Moving forward, we expect prices to face strong resistance at higher levels as traders and stockist might not go aggressively for turmeric buying and will wait for prices to come down. There are ample stocks of turmeric this time in various mandi so exporters also will not make haste to go for active buying.

Total carryover stocks were recorded in 2010-11, 13 – 15 lakh bags (1= 60 kgs) as compared to the 4 - 5 lakh bags in 2009-10. Ample quantity stocks in the major mandies continue to pressure on turmeric prices at higher price levels. Following tables shows the total turmeric stock position in major mandis:

Turmeric Stock Position (Lakh bags)	2011	2010	% Change
Nizamabad	2.75	1.25	120.00
Erode & Salem	16.5	7	153.84
Dugirrala	2.1	1.25	68.00

1bag=75kg

Satisfactory turmeric sowing in Andhra Pradesh, Tamil Nadu and Maharashtra was reported which might brighten the turmeric production prospect during current season. Congenial weather condition with recent rainfall over the turmeric growing region of Southern states might look optimistic for crop production despite initial weather woes. In Tamil Nadu, turmeric sowing has been done 125 per cent over previous year and nearly 100 per cent in Andhra Pradesh and Maharashtra. Considering the current weather and reports from growers reveal turmeric during the current season in Maharashtra looks better, mainly in Sangli, Satara, Nander and Hindoli districts and expected to surpass the previous year production. However, Aug – Sep rainfall would be critical for turmeric to comment on its yield.

Exporters are expecting fresh demand during coming couple of weeks from countries like Europe, US, West Asia and Japan and with forward booking of export orders might lend underlying support to the turmeric prices.

Actual rainfall and % Departure for the period of 1st June – 31th July

Regions	Actual Rainfall (mm) 1st June – 31th July	Normal Rainfall (mm) 1st June – 31th July	% Departure from LPA 1st June – 31th July
Madhya Maharashtra	374.9	387.8	-3%
Coastal A.P	243.5	264.3	-8%
Telangana	342.1	374.1	-9%
Rayalaseema	161.2	161.9	0%
Tamil Nadu and Pondicherry	98.9	114.0	-13%

Source: IMD

As depicted from the above table, rainfall from 1st June – 31th July remains marginally lower and near to its normal indicating no real threat to the crop as of now. Recent rainfall in turmeric growing states helped to bridge the earlier gaps thereby giving respite to the crop and brighten the turmeric production prospect. However, farmers are waiting for normal precipitation during Aug which might stimulate active vegetative growth during the period.

Sowing Progress:

Turmeric has been sown in 1.11 lakh hectares in A.P has as on 27th July 2011. Turmeric sowing IN Andhra Pradesh seen marginal improvement week on week but it is likely to gain momentum during August. The comparative sowing is tabulated below:

Turmeric Crop Sowing Progress: Andhra Pradesh

Area in Lakh hectares	Normal		During Corresponding Period		Current Year as on 27/07/11	% Sown to	
Crop	Season	As on date	As on 27/07/09	As on 27/07/10		Season	As on date
Turmeric	0.63	0.46	0.41	0.53	1.11	175	244

Turmeric sowing in Andhra Pradesh was reported satisfactory. Good monsoon rainfall over the region ensures better crop prospect in AP. As per farmer's information, almost 90 - 95 percent of turmeric sowing is completed in Nizamabad and adjoining region and they expect sharp increase in turmeric area owing to better realization y-o-y. Considering the current weather scenario, turmeric growers are expecting again a bumper crop next year. If this realize considering normal yield we can see a record crop next year too which might keep pressure on prices during the time of harvest. However, it is too early to comment on the yield as turmeric is a long duration crop (6 months) and need to watch its critical period of rhizome formation during Sep.

Turmeric Price Outlook Monthly Continuous Chart (Nizamabad Futures market)



Candlestick pattern reveals bearish sentiment in the market. Closing of prices below 9 and 18 days suggests the bearish sentiment in the market. Market indicators like RSI is moving down in positive zone, hinting at possible decline in the days ahead.

We expect turmeric prices to stay in the ranges of 6415-7859.

Spot Market Recap

Coriander Seed:

- Higher arrivals were reported from domestic mandi during the period under review and stockists are offloading their stocks at higher prices.
- Buying support from the exporters during July to meet export obligation helped the prices to stay firm.
- Festive season demand which starts from Aug is expected to lend lateral support to coriander prices moving forward.

Fundamental analysis

Monthly Coriander Arrival Scenario:

Market (Rajasthan)	% Change during corresponding period last month	Arrivals during the July 2011 in bags	Arrivals during the June 2011 in Bags
Kota	+65.34	10,4000	62,900
Ramganj	+35.27	99,700	73,700
Baran	+56.86	84,000	53,550

1 bag=40 kg

Taking Kota spot markets as the indicative market, arrivals were reported at 10, 4000 bags during the month period which was up by 41,100 bags compared to the same period last month, as stockists offloading their stocks at higher price level.

Market participants are expecting prices to gain during coming couple of weeks as stocks are in strong hand and are not likely to get liquidated at lower price quotes. Given the lean season of coriander arrivals and un-willingness to liquidate at lower price quotes indicates arrivals might come down during coming months which is likely to underpin the market sentiments. On an average current stock with the stockists might stay close to 55-60% of the produce which is expected to get liquidated till Jan – Feb.

Coriander demand was increasing in domestic and international market. Sources revealed that, Masala millers are active in the domestic market and they started buying from the spot. At the same time, festival demand lends additional support to the coriander prices. Exporters are also active in the domestic market due to fresh export enquiries from overseas. Export enquiry could be seen from countries like USA, UAE, Mauritius, Sri Lanka, South Africa with EU and New Zealand and significant booking of orders from these nations might keep medium to long term price trend on encouraging note.

Expectation of lower supply couple with higher demand going ahead might lends additional support to coriander prices during coming couple of weeks.

Considering the lean supply season and expectation of improvement in consumption we expect prices to rule firm. Any major decline going ahead might be a buying opportunity for Masala millers and retailers to take off-season premium during Oct to December period.

Prospect:

One should look to buy coriander from Ramganj mandi at lower price quotes. Stock levels at Ramganj is relatively higher which is pegged at 7-8 lakh bags (1 bag = 40 Kg). Stock at Kota is expected to stay near 4-5 lakh bags (1 bag = 40 Kg). Taking the advantage of higher availability and expectation of relatively lower coriander prices at Ramganj, one can chalk out physical procurement from Ramganj compared to Kota.

Coriander Price Outlook Monthly Continuous Chart (Futures market)


Significant surge in prices could be seen as indicated by the formation of long unfilled candle. It manages to close above its monthly resistance zone of 5500 indicating bullish sentiments likely to continue. Closing above its EMA signifies bull strength might continue and shall act as a strong support in case any immediate decline.

We are expecting that, coriander prices to stay in the range of 5500-6531.

Spot Market Recap
Red Chilli:

- Lower arrivals were reported in Guntur spot market during the month.
- Higher stocks weigh on market sentiments while stockiest mulling to liquidate the same at higher price level.
- Weak domestic & export demand featured during the period under review. Further apprehension of lowering export demand could weigh on the Chilli prices.
- Satisfactory reports of Red Chilli sowing in Andhra Pradesh might brighten the production prospect.

Fundamental Analysis
Monthly Red Chilli Arrival Scenario:

Market	% Change Over Previous month	Arrivals during the July 2011 in bags	Arrivals during the June 2011 in bags	Arrivals during July 2010 in bags
Guntur (Andhra Pradesh)	-13.04	400,000	460,000	395,000

1 Bag=45 Kgs

Red Chilli arrivals in Guntur was reported 400,000 bags (1 bag=45Kg) during July lower by 60,000 bags when compared to June. Guntur spot market was mostly reported closed during July.

Stockists are offloading their stocks at higher prices level which lead the prices to come down with increase in arrivals. At the same time comfortable stock position during this season leaves limited scope for Chilli prices to move up in near term. In Guntur cold storage stocks was found at around 25-30 lakh bags.

Demand stay weak on account of ample supply in its bench mark market of Guntur. Exporters are waiting for prices to correct for Sanam, Jwala, No 5 and Teja varieties which find good market in Bangladesh and Malaysia. At the same time, higher overseas demand for Badiga chillies of Guntur was reported during current period particularly from Malaysia and Singapore.

Red Chilli export decreased by 23,500 tonnes, which was 40,500 tonnes during the period from April – June 2011, compared to previous year same period when export were reported at 64,000 tonnes. Current year exports till June were down by 37%. The value also has come down to Rs 36,575 this year which was Rs 38,753 last year. Market participants are expecting export demand will increase during coming couple of weeks which might lend underlying support to chilli prices.

Chilli Sowing Progress:

Red Chilli has been sown in 0.14 lakh hectares in A.P has as on 27th July 2011. In Andhra Pradesh with active recent precipitation, Chilli crop is in good condition with no major stress reported. Market participants are expecting that, at around 45-50% increase in acreage from AP as compared to the last year. Details of sowing are enlisted in the following table:

Area in Lakh hectares	Normal		During Corresponding Period		Current Year as on 27/07/11 Crop	% Sown to	
Crop	Season	As on date	As on 27/07/09	As on 27/07/10		Season	As on date
Red Chilli	1.61	0.26	0.12	0.25	0.14	9	54

Price Outlook Red Chilly Monthly Continuous Chart :(Guntur Futures market)


Candlestick formation indicates indecision at current situation. Prices closed above 9 and 18-day EMA thus supporting the bullish momentum. It might act as a strong support zone for current prices. Momentum indicators like RSI are moving up in the neutral region and are supporting the bullish momentum.

Expected price range for coming month period:(INR/Qtl): 8350 – 9050.

Spot Market Recap:
Jeera

- Lower arrivals were reported in the domestic market during July due to lean season.
- Exporters are reported inactive in the domestic market.
- As per trade information, export demand from Bangladesh and Middle East countries is completed, and there are no new fresh export enquiries.

Fundamental analysis
Monthly Jeera Arrival Scenario:

Market	% Change Over Previous month	Arrivals during the July 2011 in bags	Arrivals during the June 2011 in bags	Arrivals during July 2010 in bags
Unjha (Gujarat)	-16.59%	186,000	223,000	189,000

Unjha 1 bag = 55kgs

In Unjha market, lower arrivals were reported at 186,000 bags during July which was up by 37,000 bags (1 bag=55Kg) compared to the same period last month. However, market participants are expecting, lower supply in near term and emerging lean season demand in coming days might supports the Jeera prices in the domestic market. At lower price level higher demand was reported by the Masala millers in the spot market. Stockists might keep their stocks along with them and will wait to liquidate the same at higher quotes.

Meanwhile, exporters are inactive in the domestic market at higher price level. As per trade sources, near term booking of export order for Bangladesh and Middle East is almost over to meet their festival demand. As of now there is no fresh active booking reported from major trading centers which might keep jeera prices to soften. However, there is ray of hope for fresh export inquiries from EU and US prior to start of the holy month of Ramadan, and if materialize then might pushed the prices on higher side. Lean season and festival demand might keep medium to long term price trend on encouraging note.

Jeera export declined by 4,850 tonnes, which was 5,750 tonnes during the period from April – June 2011, compared to April – June 2010, 10,600 tonnes, which was decreased by 46%. The value also has come down to Rs 7,560 this year which was Rs 11867 last year. Market participants are expecting export demand to increase during Oct – Dec which might lend support to the prices. Syria and Egypt continue to compete with Indian Jeera prices with demand to shift towards Syria and Turkey. Sources revealed that, in 2011 Syria's export reported at around 35,000-40,000 tonnes as compared to the 20,000- 22,000 tonnes in the same period previous year. This reflects strong demand for Syrian crop owing to competitive price advantage.

At international front, Syrian and Turkey's cumin seed is being offered at USD 3,300-3,400 per tonne (FOB) while non-rain damage is quoted at USD 3,600 per ton (FOB). Indian cumin seed is quoted at USD 3,400-3,600 per tonne (FOB). With any decline in spot jeera prices, FOB at Indian ports might offer at lower quotes. This might results into shift in demand towards Indian port and is likely to lend underlying support to the spot jeera prices assuming prices to stay steady at Syria and Egyptian ports. Looking forward, Indian exporters might starts buying Jeera from spot to meet any near term export demand as the price gap narrowed down between Indian FOB and overseas.

At spot market, stockiest contribute nearly 30% of the total purchase during the month under review and rest 30% is mainly contributed by local traders and Masala millers. Supportive demand was reported from Masala millers at lower price level. Millers might play key role into the spot and might look forward to cover their Sep- Dec requirements. Demand is likely to stay firm during coming couple of months which might keep spot Jeera prices to stay firm going ahead with the festival season.

At the same time other fundamentals seems supportive for Jeera prices in near term. This season carryover stocks are expected to remain at the lower side owing to lower production. This is likely to support prices moving forward. Detail of the stock position in spot market is tabulated as follows:

Jeera Sotck Position	2011	2010	% Change
Unjha (Gujarat)	10-12	13-14	-18.51%
Jodhpur (Rajasthan)	2-3	4-5	-44.40%

Depends on quality factor, Jeera from Jodhpur is having edge over Unjha this time, though stock position is comparative less. This might results into relatively more surge in Jeera prices from Jodhpur when compared to Unjha. Demand is likely to stay firm during coming couple of months which might keep spot Jeera prices to stay firm going ahead with the festival season.

Jeera Price Outlook

Technical Analysis (Monthly Continuous Chart Futures market) Jeera: Unjha Mandi



Jeera prices witness both way movements during a month however its long term bullish price trend is intact.

Price might face strong resistance towards 17000 while at 15000 prices might find a technical bounce.

EMA might lend additional support towards 15000 which indicates a strong support zone

Other oscillators such as Stochastic, RSI and MACD stay flat with no clear indication.

Overall technical indicates prices to stay sideways for coming month and decisive breaching either in the direction might define Jeera prices moving forward.

Expected monthly Jeera price range: 15000 to 17000

Spot Market Recap

Black Pepper:

- Lower arrivals were reported during this month end.
- On expectations of higher price in coming days stockists are holding back their stocks in the domestic market.
- Lower carry in stocks with y-o-y lower pepper production owing to pepper decline in old orchards continue to lend underlying support to the black pepper prices in the domestic market.
- Active response from exporters was reported in the spot market. Export from India is increasing day by day.
- Sources revealed that, domestic demand in coming days to stay firm due to festive season and is likely to short term fundamentals on encouraging note.

Fundamental Analysis
Monthly Black Pepper Arrival Scenario

Market	% Change Over Previous month	Arrivals during the July 2011 in tonnes	Arrivals during the June 2011 in tonnes	Arrivals during July 2010 in tonnes
Kochi (Kerala)	-58.62%	216	522	611

Lower arrivals were reported in the spot market due to lean season and on expectations of higher price in coming days stockists are holding back their stocks in the domestic market. Lower supply situation and un-willingness of seller to go for active selling which is expected to continue during the coming couple of weeks might keep over all prices steady to firm.

Indian pepper quality is higher over other Asian nations, it is expected that pepper demand might pick up from Indian ports during coming couple of weeks. At the same time lower carry in stocks with y-o-y lower pepper production shall stand encouraging for prices. At the same time global decline in pepper production and supply crunch will encourage importers to look at Indian ports especially when Indonesian crop will be over after Sep. Meanwhile, black Pepper export improve by 1,000 tonnes to 5,750 tonnes during the period from April – June 2011, compared to 4,750 tonnes previous year with increased of 21%.

Brazilian pepper trading activity is slowly picking up after a lull trading phase. Pepper from Brazil is quoted at US \$ 6,100/MT for September shipment. In case of immediate shipments Brazilian pepper traders are enjoying a premium of US \$ 100/MT. These prices levels are at par with Vietnam cleaned pepper which put Brazil back to the International arena.

W-o-w prices decline in Brazil and Sarawak by 2%, while in Lampung, Vietnam and Sri Lanka it increased by 2%, 4% and 1% respectively. However, local prices of white pepper were seen stable at all origins. A marginal increase of FOB prices took place in Bangka and Sarawak, while in Vietnam the price was stable.

IPC crop survey in Kalimantan in Indonesia reveal production is to decline during current year. Lower production is primarily attributed due to declining pepper area and un-favourable weather condition.

At other destinations, it is estimated, Vietnam has shipped around 78,000 million tonnes during the first seven months indicating Vietnam to command the global pepper dynamics.

On export front, during the period of January-June 2011, Lampung has shipped 14,760 tonnes of black pepper, as against 12,030 tonnes in the same period of last year. In the second half of the year however, export of black pepper from Lampung is estimated to be lower than the corresponding period, due to lower crop this year. In June 2011, Lampung exported 1,608 mt as against 2,850 mt in June 2010, recording a significant decrease of 1,242 mt (44%).

Pepper International Prices:

Indian pepper MG-1 is quoted at at USD 6,850-6,900 per ton (CnF) for US. Vietnam's 500 GL (FAQ) is quoted at USD 5,600 per ton, 550 GL at USD 5,950 per ton (FOB), Brazil B Asta is quoted at USD 6,250-6,300 and B-1 variety is quoted at USD 6,100-6,150 per ton (fob).

Narrowing of spread between Indian pepper prices and its competitor during recent past brings hope for the Indian exporter. Normal price spread between Indian and Vietnam (MG 1 vs Asta 570 GL) stay near USD 450 to 500 per tonnes. But now currently it stays in the narrow range of USD 100-150/MT. Similarly, the price difference between Indian and Indonesian pepper should be in the range of USD 300 to 350/MT but it is trading at par during current period (USD 6500 to 6650/MT).

Technical Analysis Monthly Continuous Chart:

Black Pepper (Kochi Futures market)



Pepper prices recovered from its monthly low during June and pared almost all the loss. It inched up thereby keeping bullish trend intact in monthly chart. Pepper price trend is very steep in its monthly chart and RSI is also indicating prices in the over-bought region. Oscillators are weakening at these higher price levels indicating possible correction in prices. However, any near term correction might bring the prices to test towards its support towards 28000. Testing the support followed by technical bounce might bring the prices to test its resistance towards 30700.

Expected monthly black pepper price range: 28000 to 30700

Spot Market Recap

Cardamom:

- Rising demand in spot markets against restricted arrivals from southern producing regions mainly pushed up cardamom prices in the domestic market.
- Cardamom arrivals expected to increase in coming days amid gradually picking up of harvesting. However, weather (rainfall) to be watched very carefully as rains may hinder harvest as well as affect the quality.
- Reportedly this year crop is expected to be good as compared to last year.
- Prices got support from improving demand which cap excessive fall thereby keeping overall price trend sideways.

Fundamental Analysis:

Monthly Cardamom Arrival Scenario

Market	% Change Over Previous month	Arrivals during the July 2011 in tonnes	Arrivals during the June 2011 in tonnes	Arrivals during the July 2010 in tonnes
Vandanmettu, Thekkady, Kochi, Nedumkandam , Kumily, Santhanpara & Bodinayakanur (Kerala)	-81.13%	2,33,629	12,38,140	1,87,139

Cardamom arrivals were reported 2, 33,629 Kgs which was lower by 10, 04,511 Kgs as compared to the previous month's arrivals. Heavy rainfall in Cardamom growing areas restricted the arrivals. However, market participants expect arrivals to increase during Aug with active harvest.

Cardamom production may increase up to 25% for current season due to congenial weather condition. Optimistic domestic production outlook coupled with report of record production from Guatemala might keep cardamom prices under pressure. Better cardamom production y-o-y and relatively higher stocks lying with the stockiest and growers might results into higher arrivals going ahead with the harvest. Comfortable supply and lack of aggressive buying continue to weigh on the market sentiments. However, aggressive demand was missing from the spot owing to better production both at domestic and international front.

Considering strong demand during the period of July till Sep coinciding with domestic festivals, we do not expect any significant decline in prices despite active harvest and surging arrivals. Firm international demand might hold the current price levels till Sep. However, with the onset of arrivals from Guatemala from Sep one can see global prices to soften which might have spill over weak impact on domestic cardamom prices.

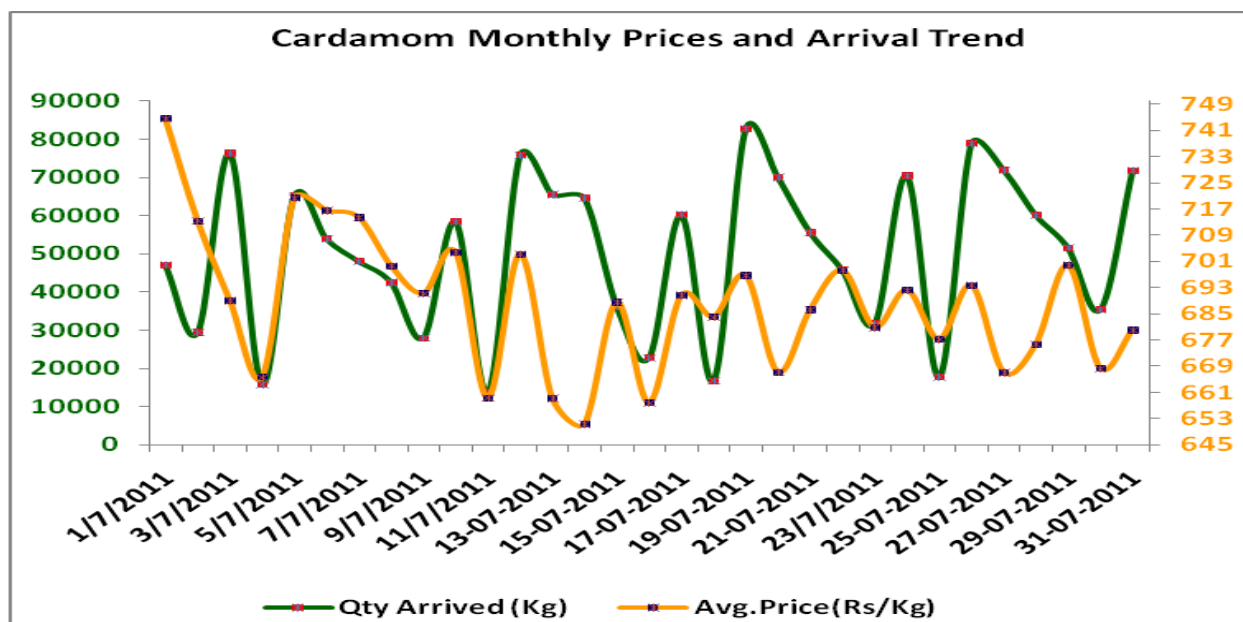


Fig - 1

Lowest arrival during the month (July) was recorded at 2, 33,629 Kg while it was 12, 38,140 kg during June. However, trade participants are expecting increases in arrivals in coming days which might weigh on the short term market sentiments.

Weather Outlook:

Weather looks congenial for the crop harvest with scattered rainfall forecast in principal cardamom growing states. As per the weather forecast valid till 30th July, widespread rain would occur over Andman & Nicobar Island, fairly widespread rain would occur over Karnataka and Coastal A.P. Scattered rain/thundershowers would occur over rest of the region irregular rainfall over the producing region of Kerala will not hinder harvest for short term.

Technical Analysis Monthly Continuous Chart (Futures market)

Cardamom (values in Kg)



After a continuous decline in the monthly continuous chart, cardamom prices recovered from its low 715.10 during June with July prices seen range bound with almost in-side month trading pattern. After a significant decline from the January (high at 1615) prices almost ruling two years average which might lend underlying support to the cardamom prices. Any near term decline might find strong support towards 750 and likely to trigger technical buying towards this level. Any near term surge in cardamom prices might fact strong resistance towards 925. Decisive breaching the same might instigate a bull run.

Expected monthly cardamom price range: 750 and 925

Spot Prices Monthly Change

Commodity	Centre	Variety/Type	Price Rs/Qtl		Change
			29.07.11	29.06.11	
Black Pepper	Kochi	Ungarbled	28500	26300	+2200
		Garbled	29500	27300	+2200
	New Delhi	Unpolished	30900	27500	+3400

		Number 11.5	34000	30000	+4000
Turmeric	Erode	Finger	6400-6900	8400-9400	-2250
		Gattah	6100-6400	7900-8900	-2150
	Nizamabad	Nizam	6800	7900-8000	-1150
Cumin Seed	Unjha	Loose	14300	13375	+925
		Machine Cut	14000	13950	+50
		NCDEX Quality	15800	14175-14450	+1488
	Jodhpur	Loose	-	12500-13000	-
Red Chilli	Guntur	LCA 334	7500-8500	8100-9100	-600
		Teja	8000-9000	8700-9400	-550
Coriander Seed	Ramganj	Badami	3700-3850	3275-3325	+475
		Eagle	4000-4100	3525-3625	+475
	Kota	Badami	4400	3475	+925
		Eagle	4500	3575	+925
	Baran	Badami	4000-4100	3700-3800	+300
		Eagle	4100-4150	3825	+300
Price Rs/Kg					
Cardamom (Small)	Vandanmettu, Thekkady, Kochi, Kumily, Nedumkandam, Santhanpara & Bodinayakanur	Small			
		Max Auction Price	1159.50	971	+188.50
		Average Auction Price	699.76	748.03	-48.27

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