



# AVT McCORMICK INGREDIENTS PVT.LTD.

Spice Market – Dec.3, 2009

## Indian Black pepper remains strong

Indian black pepper market started showing signs improvement by the third week of November. Pepper price was up on thin stocks and firm domestic demand. Lower carry forward stocks globally and good export from Vietnam is seen very supportive for pepper.

There was no selling pressure in both terminal and primary markets. Buyers were waiting while sellers withdrew. The chances of Indian pepper getting overseas orders appears to be remote at present as the MG 1 remained out priced in the world market due to a strong rupee against the dollar and the rise in the futures contracts. Indian parity fluctuated between US\$3,500-3,550/Mt (C&F, Europe, US ports), while all other origins were much below this level.

Total pepper exports from the country during April-October 2009 stood at 11,500 Mts. as against 14,750 Mts. Imports by the US during January–September 2009 from India dropped to 5,207 Mts. from 7,368 Mts. in the same period in 2008.

Unlike other origins, Indian pepper market has an inherent strength from the huge domestic demand estimated at around 50,000 Mts. a year. The Indian production is about 45-55,000 Mts. keeping the gap between supply and demand almost nil. This phenomenon helps the Indian domestic prices to remain at higher levels.

Indian new crop arrivals have not picked up as the growers started holding back, anticipating the prices to move up further. Of late, movement of pepper from the growing areas to north Indian markets have started taking place. Spot prices in tandem with the trend in the Indian futures market increased from the earlier levels and remains today at US\$ 3300/Mt for farm quality delivered at Cochin.

Brazilian pepper, which is still quoting at a discount to Indian rates, is seen hurting the International market. Medium term trend for pepper remained bullish as Brazilian pepper prices are expected to increase shortly as harvesting there is at its fag end.

Black Pepper Origin	Current Price US\$ CNF, Cochin	Price-2 <sup>nd</sup> wk- US\$ CNF Oct 2009	Up/Low %	Trend short term	Trend Long term	
India MG1	3400	3225	▲ 5.42	▲	▲	Steady
Vietnam 550 GL	3050	3000	▲ 1.66	▲	■	Firm
Indonesia-ASTA	3100	3150	▼ 1.59	▲	■	
Brazil-ASTA	3000	3050	▼ 1.64	▲	■	Easy

**Cochin Dry-Ginger:** New crop ginger in small parcels started arriving at the Cochin terminal market. Quality is not up to the mark since the processing/drying areas are still prone to intermittent rains. Quality of the fresh ginger also has to improve for realizing a better out-turn while drying.

The price tag for new crop ginger raw material is currently at higher levels-US\$ 3100-3200/Mt. CNF Cochin. High moisture content is one factor that has to be looked into while going for new crop. Dry ginger from the last season is still available in small parcels for US\$ 2725-2775/Mt. levels depending upon the quality.

Dry Ginger imports to India from China and Africa have risen sharply, on strong domestic demand and tight supplies. This trend is expected to continue until the new domestic crop arrival peaks.



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## India turmeric futures market down on profit taking

India's turmeric futures ended weak by the start of this month as traders started booking profits. There is a correction expected in turmeric and prices are likely to ease in the near-term as the crop this season is expected to be higher.

However, prices will be supported by robust spot demand and a supply crunch due to thin carry-forward stocks. Carry-forward stocks were low as output had fallen sharply last year due to low acreage and bad weather. The supply crunch is supporting the upside and will remain until fresh arrivals hit the market. Low stocks, pickup of export and domestic demand can remain as bullish factors in the coming weeks.

Turmeric arrivals usually start in mid-January in small quantities and gain momentum from March. The peak season runs till June.

Turmeric- Origin	Current Price US\$ CNF, Cochin	Price-2nd wk- US\$ CNF Sep 2009	Up/Low %	Trend short term	Trend Long term	■ Steady ▲ Firm ▼ Easy
MFT - Indian	2750	3010	▼8.64	▼	▼	
AFT- Indian	Not available	0	-	-	▼	

**Chilli- Indian:** An oscillatory trend prevailed during second half of November. Export demand from Bangladesh, Sri Lanka together with reports of lower Chinese crop kept the market firm. However, with the arrivals picking up at Madhya Pradesh markets, the demand from North was limited which in turn eased the Guntur prices.



In the coming weeks, prices are expected to remain steady. Sufficient stocks are available to meet the demand until fresh crop arrivals start. In the long term, good yield is expected taking into consideration the flowering noticed in growing areas. Even though there is a delay expected in the new crop, there would arise opportunities to cover at cheaper levels than the prevailing high price. Hence the recommendation is to cover now only on a hand to mouth basis.

Red Pepper Variety	Current Price US\$/Mt CNF, Cochin	Price-3rd Wk Nov US\$/Mt CNF, Cochin	Up/Low %	Trend short term	Trend Long term	■ Steady ▲ Firm ▼ Easy
LCA 334 Medium Heat	1404	1462	4%▼	■	■	

**Indian Cumin** spot price once again shot up rather unexpectedly during last week. The main Indian cumin market (Unjha) is closed for a local festival from 25<sup>th</sup> of Nov. So market activity is limited. Sowing in Rajasthan is estimated to be up 25 % in area where as area under cultivation in Sourashtra is said to be lower by 10 %. Climate prevailing as on now promises a good crop. However, climatic conditions in these tracts for the next couple of months will play a major role on the final output.



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Syrian Cumin market remained quiet during the last fortnight. Demand was low in contrast to good arrivals. Buyers seem to have booked their immediate requirements well in advance.

Cumin Indian	Current Price US\$/Mt CNF, Cochin	Price-3rd Wk Nov US\$/Mt CNF, Cochin	Up/Low %	Trend short term	Trend Long term	<span style="color: blue;">■</span> Steady <span style="color: red;">▲</span> Firm <span style="color: green;">▼</span> Easy
ASTA SORTEX	3350	3100	▲ 8%	▲	■	

## Most Asian currencies strengthen against the dollar

The Indian rupee rose to its strongest level by the close of November as a higher start to local share market raised expectations of foreigners bringing in more funds. The weaker US units against other major currencies overseas also helped the sentiment. Almost all Asian units were higher against the dollar.

The rupee had hit a one-month high of 46 per dollar in mid-November. The rupee is 13 percent above a record low of 52.2 hit in early March 2009.

