



Spice Market Update

NOVEMBER 3, 2011

AVT McCormick Ingredients Pvt Ltd.

Turmeric

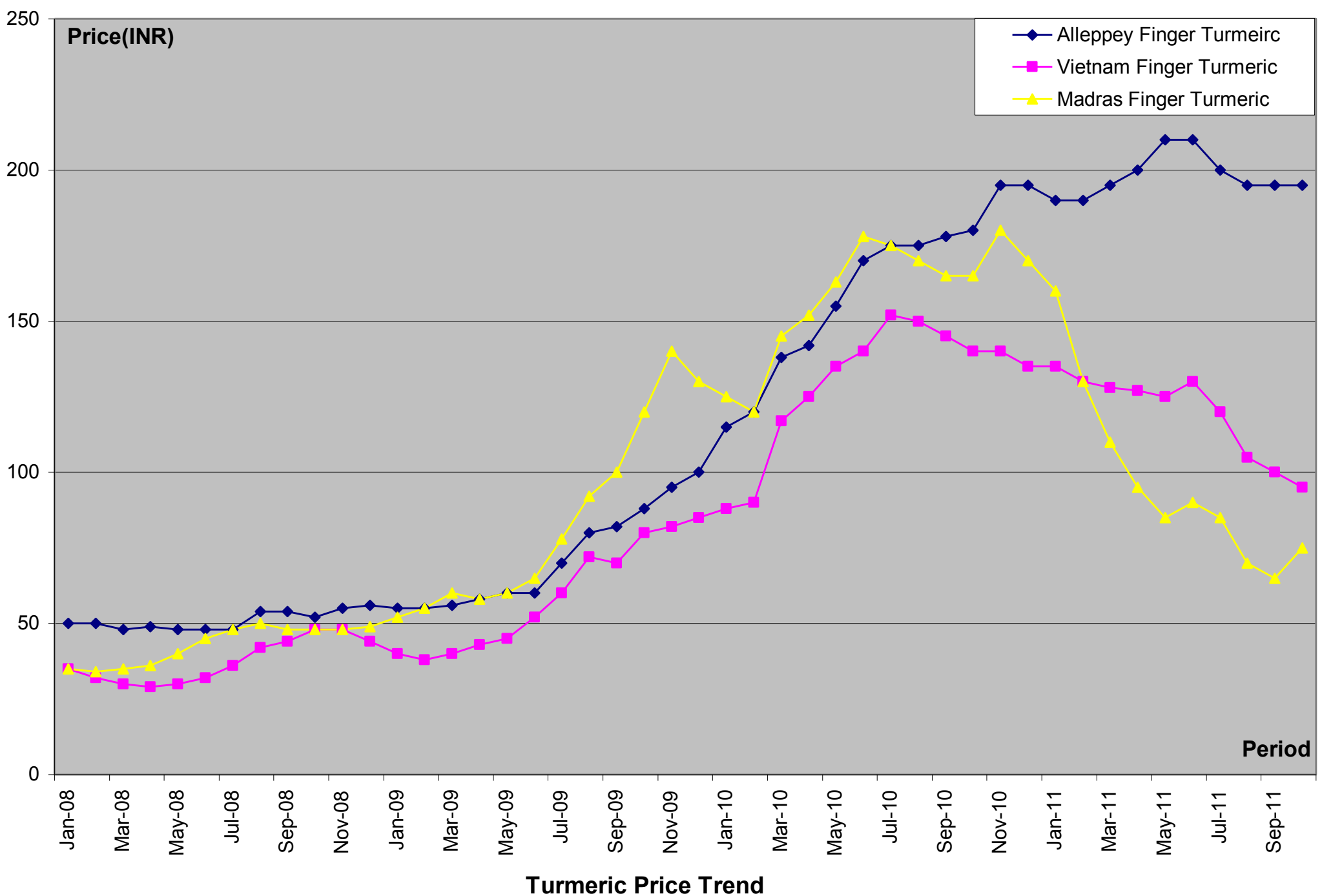
From June to August the rains in Andhra Pradesh were favourable. This is the primary sowing season for Turmeric within that region. Crop cultivation was down in both Coastal Andhra (11,107 Ha to 10,442 Ha) and Telangana (50,551Ha to 46,013 Ha) over the prior year, as some farmers were looking towards more lucrative crops such as cotton and soybean. There was also some political instability in the region as there is an ongoing separatist movement. However, cultivation in Rayalaseema has increased over the year prior (7,483 Ha to 11,551 Ha).

Climatic conditions have been ideal since the sowing, however the next two months rain patterns will largely determine the overall yield of the crop.

Initial indications at the farm level suggest there may be a bumper crop for Turmeric this year. At this time the total volume is being projected at 625,000 MT a sizeable increase over last years 485,000 MT. Carry over stocks are currently estimated to be 100,000 MT. Total domestic consumption for India, combined with the average export demand, is merely 425,000 MT.

Market rates are expected to gradually decline at a rate of 1 - 2% over the next two months, with a drop of up to 15% by March.

Based on the anticipated surplus volumes, a long term bear phase can be expected, however this will be dependant on speculator activities. Speculators have been seen to make a considerable impact on this market in the past along with Black Pepper, Cumin and Coriander.



AVT McCormick Ingredients

All prices noted in this report reflect market rates for farm grade raw materials. These are not indicative pricing. The content of this report is provided as general information only and is strictly the opinion of its authors. Information is provided without any warranty, expressed or implied. Decisions to contract, purchase or otherwise are the full and complete responsibility of the purchasing company or individual.