



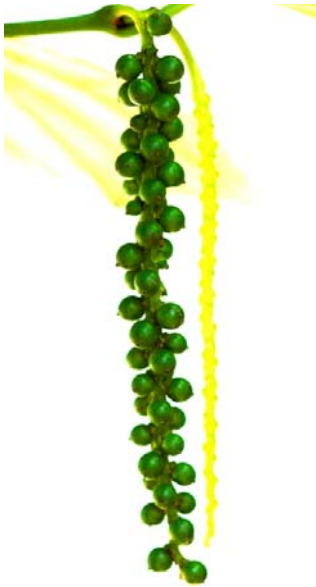
AVT McCORMICK INGREDIENTS PVT.LTD.

Spice market – Oct26, 2010

Black Pepper regains on active buying; may continue to move further higher

Indian black pepper futures edged higher on improvement in buying interest. Spot prices also improved to US\$ 4400/Mt levels from \$ 4100/Mt (farm quality pepper for delivery at Cochin) levels a week ago. Activities in the spot market are limited since the sellers are waiting for more directional cues.

Pepper rates recovered from the lower levels as demand picked up moderately in the local markets. Domestic demand from North India has supported the prices to some extent.



Black Pepper prices of Indian origin in the international market are quoted at US \$4550-4650/Mt levels. The Indonesian sellers have kept the prices of their origin below Indian offers. Fresh arrivals from Brazil have commenced and are in full swing. Prices offered by the Brazilians too are lower than the Indian offers in the international market.

The export demand is expected to increase in near future since the Indonesian and Brazilian production is not adequate enough to meet the world consumption requirements till the next crop arrival in Vietnam.

Diwali and Christmas demand is expected to increase the consumption of pepper.

The backlash of firm rupee supported the international prices to be traded higher at \$4550/Mt and continued to threaten India's competency in the international market. Weakness in Dollar Vs Indian currency affected the exports adversely.

Vietnam is having low stocks as per reports that could result in export demand shifting to India.

As per latest global data available, pepper output is likely to be around 325,000 Mts. in 2010, down by 2 percent from last year. Reports of farmers shifting to other more profitable crops have affected the production aspects for the crop in India. Black pepper output is estimated at 260,000 Mts. in 2010 compared to 271,000 Mts. in last year. During first nine months of 2010, export countries like Vietnam, Indonesia, Brazil, Malaysia, India and Sri Lanka have exported 100000, 23500, 20000, 15000, 10000 and 8000 Mts. respectively. Indian traders are reportedly holding onto stocks in anticipation of a rise in price in coming months.

Cumin: Global market for cumin remains firm for last three months. Trend is expected to continue till next season since the arrivals are mostly over. Indian cumin market had firmed up two months back in this background. However, a slight easing was observed during last fortnight.

Farmers are in good spirits and getting ready for the forthcoming sowing by next week. Area under cumin cultivation in India is estimated to be much higher than last year.

Cumin Indian	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
ASTA- Sortex	3225	Firm	Firm



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Coriander: Indian coriander market remains steady at comparatively cheaper than overseas origins. Since the season is over, arrivals are thin. A firm trend in coriander market is expected till next season that starts by February, 2011. A poor acreage under coriander is forecasted due to uneconomic realization in the current season.

Coriander Indian	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
With 25 % Splits	760	Steady	Firm

Fenugreek market was steady during last fortnight without any fluctuations.

Fenugreek Indian	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
ASTA- Sortex	810	Steady	Firm

Red pepper market did not witness any major change except for some oscillatory fluctuations during last week. Slight volatility is expected during end October due to the upcoming festival season. The average daily sales at Guntur market is around 800 Mt against the arrival of 1500 Mt. Stock in Guntur cold storages are at 126,000 to 134,000 Mts. which could act as a stabilizing factor for the short term festive demand.

The new crop from Guntur area is expected to get delayed at least by a month. Transplanting got delayed due to excess rainfall in the Andhra Pradesh districts like Guntur, Prakasam, Krishna & Bhadrachalam. As of now, hybrids and high heat varieties from Kurnool & Khammam areas will arrive first. The yield levels are expected to be fairly good this year due to the availability of sufficient ground water.

Madhya Pradesh crop has started to arrive and the volumes are expected to be normal. Demand from other northern states and Pakistan is expected to create some buying pressure in the MP market. Erratic rainfall and floods have damaged crop in Pakistan this year.

A guideline on the current prevailing price for Medium heat chillies is given below;

Red Pepper Variety (ASTA)	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
334 Med Heat Stem on (15-25 K SHU)	1128	Steady	Steady
334 Med Heat Stem off (15-25 K SHU)	1426	Steady	Steady
Hybrid Med Heat Stem on (20-60 K SHU)	1170	Steady	Steady
Hybrid Med Heat Stem off (20-60 K SHU)	1447	Steady	Steady