



AVT McCORMICK INGREDIENTS PVT.LTD.

Spice Market – May14, 2010

Indian pepper futures market firm on bullish speculative activities

Indian pepper witnessed high volatility yesterday due to aggressive buy calls raised by the operators in the futures market. It is believed to be not moving according to the market fundamentals. The supply and demand does not control the futures market now in India.



A happy old farmer at her pepper farm in central Kerala

Spot prices also moved up with the futures market trend. Spot price for farm quality black pepper has moved up from US\$ 3400 to 3600/Mt with in a day. There were buyers for physical pepper even at these levels. Availability was limited. Domestic demand is expected to keep the Indian spot pepper prices at higher levels as local grinders have been buying hand to mouth without investing in inventory due to high prices. They may continue to buy until the onset of monsoon.

Brazil had almost exhausted its stocks. Vietnam has already shipped large quantities and their stock levels too are coming down.

Other options for the pepper buyers are Indonesia and India. Since Indian parity is ruling at uncompetitive levels, the buyers may turn towards Indonesia. Indian parity today has gone up to \$3,850/Mt. (c&f).

Vietnam's offer for black pepper 550 GL have improved to US\$ 3375 from the US\$ 3275 level a few days before. Sri Lanka has offers for their 510-520 GL pepper at US\$ 3200/Mt. All for delivery at Cochin.

Black Pepper	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
India- MG1	3600	Firm	Firm
Vietnam 550 GL	3375	Firm	Firm
Indonesian	0	Firm	Firm
Sri Lankan	3200	Firm	Firm

Cumin arrivals in the Indian markets have come down.

Healthy crop and fair arrivals together maintained the market steady in this season. As expected, prices never came down in the season though the fundamentals were weak on higher output estimates and weak physical demand with sufficient stocks. However, speculators activity, mainly in the futures market kept the cumin market active without falling.

Cumin Indian	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
ASTA- Sortex	2900	Steady	Steady

Indian coriander production recorded 15% better crop than the usual crop. Higher output estimates eased the market. Coriander prices have not witnessed much fluctuation during last month. Market arrivals were steady in April but have come down during this month. Active procurement by domestic grinders was observed in last month which is now almost over.



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Coriander Indian	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
With 25 % Splits	750	Easy	Steady

Fenugreek crop size has shrunken by 30% this year. But slow trade activity coupled with weak demand could retain the prices in steady mode. Indian fenugreek market arrivals are now in peak but domestic demand is weak.

Fenugreek Indian	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
ASTA- Sortex	820	Steady	Firm

Red pepper market had closed for summer holidays from 7th onwards for a period of one month. During first week of May, daily arrivals to the market remained steady at approximately 2100 Mts. There was no considerable drop in prices even when the market peaked at 4100 Mts. per day during April.

Continued export and domestic demand is expected to create a buying pressure when the market reopens.

Stocks in Guntur cold storages have almost reached the total capacity of 250,000 Mts. Final round of chilly harvest is also getting over and the quality of the crop directly coming from the farm is slightly inferior in terms of size and color.

Long term indications are that the prices might gradually firm up when the market reopens since there is no excess crop remaining in the farms to be brought for trade.

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)	1165	Steady	Firm
334 Med Heat Stem off (15-25 K SHU)	1451	Steady	Firm
Hybrid Med Heat Stem on (20-60 K SHU)	1187	Steady	Firm
Hybrid Med Heat Stem off (20-60 K SHU)	1495	Steady	Firm

Turmeric falls as traders continued to book profit

Indian turmeric future market was weak during the past few days as traders continued to book profit triggered by bearish cues from the spot market, where demand was weak. There is slight slowdown in demand from stockists and overseas players at current levels. Traders are booking profit at every rise as turmeric prices have surged significantly.

However, overall fundamentals are still bullish and the sentiment too is firm. Demand may once again pick up by June ahead of Ramzan festival. It is a technical correction and prices may once again recover from lower levels. The fall is to be taken as an opportunity to buy at lower levels.

Turmeric showed an uptrend most of the time during this year with rising export demand and mounting arrivals in the market.



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Turmeric farmers in India has two reasons to celebrate this year - turmeric prices have touched a new high and the farmers had a bumper harvest. The prices had crossed Rs.US\$3500/Mt in the regulated spot market. The farmers and the trade expect the price to go up further following a huge demand in the domestic and export markets this year.

The highest price registered in the market during the last fiscal was US\$ 3000/Mt. Turmeric has fetched a good income for farmers during the last and the current fiscal. Earlier, the prices used to remain at US\$ 1100-1200/Mt levels.

The prices started showing an upward trend since November last year and touched a new high during this month.

Alleppey turmeric (AFT) prices also rule high as there is good demand for original high curcumin material from the extraction industry. Output for the year was 40-50 % lower than last year as most of the farmers lost money in 2009. Price for AFT was not attractive since the demand from oleoresin industry was low in 2009.

As of now, the availability of good AFT is over. The extractors have covered whatever left in the market. Some of the extractors are said to be running short for AFT and it seems the alternative origins such as Vietnam and Burma also have exhausted their stock.

Indian Nutmeg, mace prices at all-time highs

Prices of nutmeg and mace have soared to all-time high due to serious shortfall in production in the current season. The prices have almost doubled than that in the same period in 2009 and the best quality yellow mace is now fetching US\$24,500/Mt. This was at US\$ 11,000/Mt a year back. Nutmeg without shell now attracts a price of US\$ 8850-9950/Mt.

Production is estimated to be lower by more than 50% in India due to unfavorable climatic conditions prevailed during the flowering and fruiting stages. The average annual production of nutmeg in India is about 2500 Mts. and is the major portion is from the state of Kerala.

Prices may weaken when the arrival picks up by next month. Harvest will be in full swing once the monsoon in on. The production season lasts until August.

Indian rupee steady tracking local shares

The Indian rupee steadied in line with domestic shares and pressured by the dollar's rise against major currencies. Last Trade of Rupee to one US Dollar was **45.280**.

The euro was struggling, holding above 14-month lows against the US dollar as concerns about anaemic growth in the euro zone dragged it lower, while worries about Britain's public finances undermined the pound.