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Report on various spices– Jan14, 2010

Black Pepper prices bounced back from the lower levels on short covering and expectations of pick up in export demand at these supposedly low levels. Traders are reportedly waiting for some more corrections before initiating fresh demand.

Overall trend had remained moderately up as rains in growing areas have reportedly affected the productivity adversely and this could support the prices from a medium term point of view.

The IPC (International Pepper Community) has predicted 2011 crop to be lower by 2% at 309,952 Mts. Carry forward stocks are expected to decline marginally to 94,582 Mts. Vs 95,442 Mts. Global exports have declined by 11%.

Indian production is expected to decline to 48,000 Mts. Latest reports from Spice Board of India indicates the likely Pepper exports for the period April- Nov have fallen by 17% to 11500 Mts. in 2010 from 13850 Mts. in 2009 same period.

Reports of lower stocks could further support the price and traders are anticipating both exports and domestic demand to rise in coming weeks. Strengthening of Dollar Vs Indian Rupee could have positive impact on the export front.

Vietnam is having low stocks as per reports that could result in export demand shifting to India. Brazil and Indonesian crop are expected to be lower. Low carryover stock in Brazil and Indonesia is likely to raise exports here in coming months.

Reports of farmers shifting to other more profitable crops have affected the production aspects for the crop in India. Rain in the growing areas of Kerala is likely to affect crop arrivals.

Turmeric spot and futures market witnessed a weak trend during this week due to reports of new crop arrival in small parcels in some of the MFT markets of Andhra Pradesh.

However, many farmers are reluctant to sell their produce at the current price and expect prices to rise. Lower stocks and reports of delayed arrivals and prospects of improved export and domestic demand in coming weeks from the unseasonal rains in growing areas are likely to support the rates in short term. So, short term trend in the Indian turmeric prices would remain volatile.

Overall better crop prospects this year however are expected to cool down rates to some extent. Good rains in the growing areas of Andhra Pradesh and Karnataka raised possibilities of a better crop this year. With sowing area in these two states expected to rise, it can pressurize the prices to some extent.

Traders expect production to range between 470-490,000 Mts. Vs. 335,000M Mts. last year.

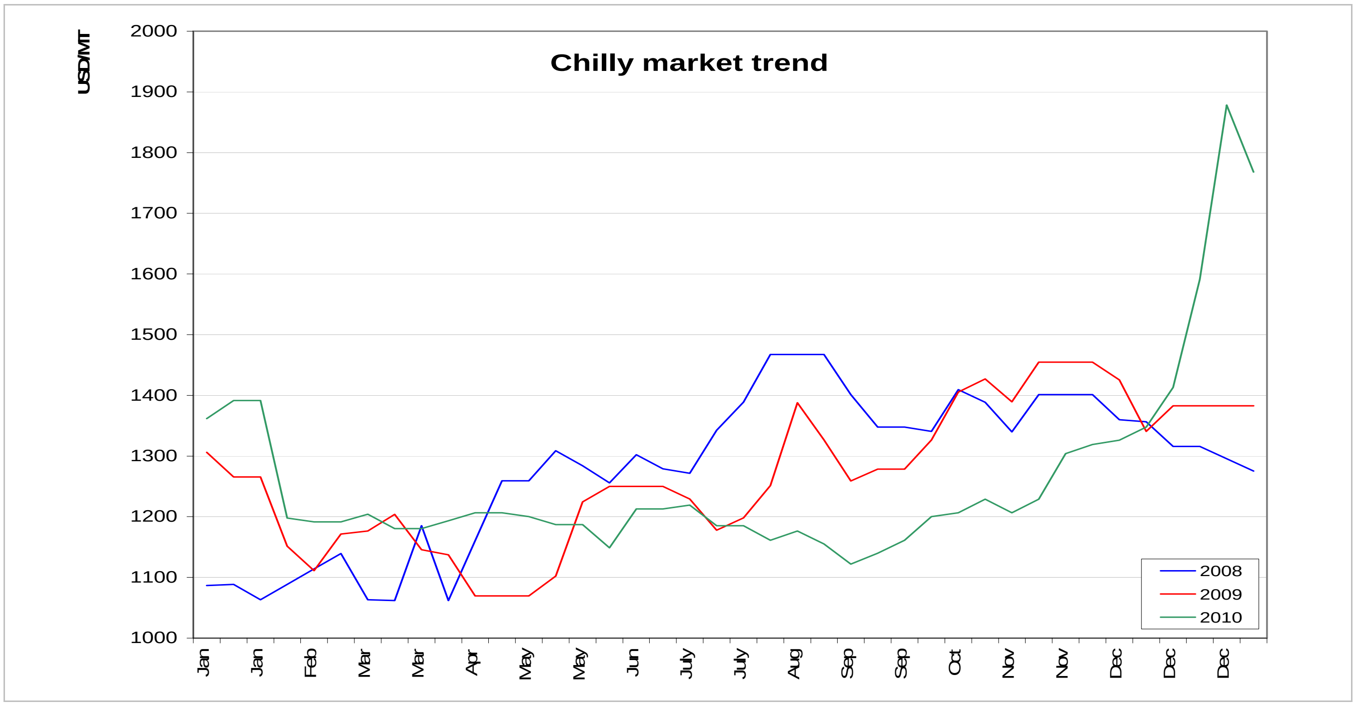
Arrival of the new turmeric crop normally starts from mid-January and it picks up around March which continues through June. Market is expected to ease a bit from February onwards but do not expect a significant fall in prices until April. The pipelines are almost empty. Initially the new crop will be used to replenish the supply lines. Scarcity of quality turmeric crop available with the stockists will provide support to prices.

Report compiled by Sunil Elias, Jason David & Dr. Sameer PA

Grinders and extractors are also waiting to replenish their inventory. Stocks in the market are reported to be lower by 40-50% than the normal stock position at this time of the year.

International price of Turmeric in New York market was almost unchanged to $ 5.73/Kg during the week ended 31st December 2010 against $2.65 /Kg quoted in the same period last year.

Red Pepper (Chilli): Market reacted drastically following the cyclone which hit the chilly growing areas during first week of December. There was a sudden spurt in prices followed by a bullish trend across all markets during the past two weeks. Benchmark ASTA grade medium heat Stem on chillies touched Rs82 to 85/Kg (US$ 1800-1875/Mt) FOR Cochin and continued to remain firm till date.



Recent reports from the growing areas indicate a lesser yield apart from the delay in new crop arrivals. Fruit bearing suitable for second round of picking is found to be considerably less in the rain affected areas. Fresh crop arrivals are expected only by February 2011. As of now almost all the cold stores in and around Guntur are empty and hence farmers have the option to store the harvested crop if they do not realize the expected price. This in turn could induce a buying pressure which might keep the market firm for a longer period. Even though the present levels are exorbitantly high, a steep fall during the peak season cannot be predicted. However, a correction is expected when the new crop arrival starts and long term coverages can be looked into during peak arrivals in Apr/May.

The prevailing price for Medium heat chillies is given below;

Red Pepper (ASTA)	**Current Price US$/Mt CNF, Cochin**
Med Heat Stem on (20-50 K SHU)	1800
Med Heat Stem off (20-50 K SHU)	2100

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Dry Ginger- Indian Demand and price for fresh ginger remains steady with a firm undertone. The percentage of increase/decrease in dry ginger production is dependent on the fresh ginger price/demand during season. Availability and cost of lobour in this specialized trade has gone up by more than 50% during 2010. Prices are likely to remain firm. Winter demand from North India & Middle East in still on

Current offers for clean raw material are in the range of US$ 4450-4500/Mt levels.

Nigerian ginger new crop offers are at US$ 3000/Mt. Shipment by Jan 2011. Quality of new crop need to be analysed since the Nigerian 2010 crop was severely affected due to un-seasonal rains occurred during its harvest and processing period. Production is estimated to be more by 40-50% since the demand and price remained high during year 2009-10.

Chinese new crop offers are at US$ 5300/Mt. for low SO2/Shipment by Jan 2011. Production is estimated to be lower by 40-50%.

Cumin market across the world remains firm from the last seas on account of crop damage in the principal tracts of Syria and Turkey. This firmness is expected to continue until the fresh crop arrival that is expected by June 2011.

Indian cumin market remains firm. Fresh crop is expected by end January 2011. Prices are expected to ease once the arrival takes its momentum.

Cumin Indian	**Current Price US$/Mt CNF, Cochin**	**Trend short term**	**Trend Long term**
ASTA- Sortex	3555	Firm	Firm

Coriander : A poor acreage under coriander production coupled with the crop damage due to cold waves flared up the Indian coriander market. This firmness is expected to continue for a year as there is no alternate source for the domestic requirement. East European coriander market is steady for the last few months but the rates are on par with that of Indian coriander.

Coriander Indian	**Current Price US$/Mt CNF, Cochin**	**Trend short term**	**Trend Long term**
With 25 % Splits	1155	Firm	Firm

Fenugreek market remained steady during last year without any major fluctuations. The forthcoming fenugreek crop too is said normal in size and hence the market is likely to remain steady in year 2011 too.

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

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