Spice Market Report

AUGUST 1, 2011

AVT McCormick Ingredients Pvt Ltd.

Various Spices

Black Pepper
Black pepper markets remain steady at USD $6,250/mt. Overall reports on India, Vietnam, and Brazil suggest a reduction in future crops. Farmers in India are moving towards alternative crops which are more profitable and easier to maintain. Rates are expected to rise once again. Long term outlook is a continued rising market.

White Pepper
Availability is very low, and as a result rates will remain firm and likely increase. Currently Muntok is at USD $8,600/mt and Chinese is USD $9,300/mt.

Turmeric
MFT (Madras Finger Turmeric) cultivation nearly doubled last year due to historic high market prices. Market rates reacted accordingly and reduced significantly. Market rates have been below USD $1,800 for the past two months compared to January's USD $3,900. While below USD $1,800, farmers and stockists began holding material as these low rates were not feasible for them. Rates are currently at USD $1,950/mt.

AFT (Alleppey Finger Turmeric) Material with 5% + curcumin is currently unavailable.

Ginger
Indian Ginger - Rates are picking up due to demand from Northern India and the Middle East. Prices are now at USD$3,450/mt

Chinese - Production is estimated to be lower by 40-50% over last year. Prices are currently steady at USD 5,450/mt.

Nigerian Ginger - Suppliers of Nigerian ginger are currently struggling to provide product that is free of aflatoxin. At this time, material is currently unavailable.

Nutmeg / Mace
The prices of nutmeg and mace remain high due to the limited supply in the domestic and international markets.

Unfavourable weather in the growing countries (Sri Lanka, Indonesia, India) have reduced last years output. Untimely rains in Sri Lanka and India damaged the flowers resulting in a 20% reduction in crop size.

Indian nutmeg rates are increasing. Currently afla guaranteed material is at USD $24,500/mt. Without a guarantee it is USD $18,000/mt.

Prices are expected to remain firm.

Cardamom
Favourable climatic conditions have resulted in a strong Indian crop this year. Market rates have reacted appropriately, and are down significantly over last years rates. Guatemala crop is due in Dec / Jan.

Clove
During a typical year, global cultivation of clove is approximately 141,000mt, with a consumption of 138,000mt. Indonesia is both the largest contributor, 110,000mt and the largest consumer 120,000mt.

This year, global cultivation is a minuscule 38,000mt. Early reports projected Indonesia's crop to be only 40% of a typical year. It is now coming to light it is only 15%!

Shortages have an obvious impact on rates and ethics. There are reports of fraudulent shippers sending only stems and no clove. Rates have now crossed, and remain steady, over USD $21,000/mt.

Material is not available as the cigar companies have secured all that was available.

Fennel
For 2011 the Indian fennel crop has increase in size and the quality is good. Rates have remained stable for the past two weeks.

Egyptian fennel has now exceeded Indian in terms of market price.

Aniseed
Turkish aniseed has firmed up in the last two days. Current rates of USD $4,500/mt. There may be a correction in the current rate in the next month.

Celery
Market rates have reacted positively to this years healthy bumper crop. Rates are expected to remain steady or ease in the short term. Current rate of USD $1,130 / mt.

Fenugreek
Fenugreek is one of the few items that have remained steady over the past couple of years. This year is no exception and rates are expected to continue without any major fluctuations.

Dill Seed
The indian market has eased due to a good crop. Rates are expected to remain steady.

AVT McCormick Recommendations

Black Pepper
Contract annual volumes now.

White Pepper
Contract volumes now.

Turmeric MFT
Contract annual volumes now.

Ginger
Contract annual volumes now.

Nutmeg / Mace
Cover annual volumes now.

Cardamom
Cover annual volumes now.

Clove
Cover as required.

Fennel
Indian: Contract annual volumes now.
Egyptian: Cover volumes as required, take immediate delivery due to political instability.

Aniseed
Cover as required.

Celery
Contract annual volumes now.

Fenugreek
Contract annual volumes now.

Dill Seed
Cover annual volumes now.
Rates expected to be firm next yr.

Cumin Syrian
Cover as required.

Cumin Indian
Cover as required.

Coriander Indian
Cover requirements to Jan

Coriander EU
Contract annual volumes now.

Red Pepper
Cover as required.

Allspice
Contract annual volumes now.

Spice Market Report

AUGUST 1, 2011

AVT McCormick Ingredients Pvt Ltd.

Various Spices

Cumin

The Indian cumin season has come to an end. Market rates have increased in response to the international crop shortage. Speculators have been very active adding to the increase.

The drought in China resulting in a short supply has impacted the international market as expected.

Both Turkey and Syria have bumper corps this year. Overall quality is good, however recent rains in Syria have resulted in a darker colour. Syria's economic instability and currency devaluation has prompted many to turn to Turkey. Rates for Turkish material remain firm.

Current market rate for Indian USD $3,900 /mt. Syrian USD $4,000/mt (limited sellers). Turkish USD $4,100/mt.

Coriander

Indian coriander remains firm as a result of reduced acreage and damage due to a cold wave this year. Rates are expected to remain at a higher level until the arrival of the new crop in February 2012.

Rates have eased on East European coriander making it more competitive than Indian. This trend will continue until the arrival of the Indian crop in Feb.

Red Pepper - Market yard chilli

The market rates continue to remain steady. Rates reached an all time high in May of this year due to heavy crop damage and delayed harvest.

With buyers focus being on pesticide controlled materials, sales are currently only 50% of the arrivals into the Guntur market. No immediate fluctuations are expected, but rates may firm up in October / November during the North Indian festival season.

Sowing and nursery operations are in full swing now, however transplanting operations in Andhra Pradesh my be delayed due to the current lack of rainfall.

Overall acreage is expected to increase in the coming season due to the higher market rates of chilli. More farmers are making positive changes towards cultivating afla free and pesticide compliant material. There has been an increase is the implementation of Integrated Pest Management systems as well. Both Afla and Pesticide residue screened material is VERY limited in availability and pricing reflects this.

Pricing in the spot market by the end of this year will be heavily influenced by the Madhya Pradesh and Chinese crop output.

Current Market Rates:

Med Heat S/on, Non BI	USD$2,050/mt
Med Heat S/off, Non BI	USD$2,400/mt
Med Heat S/on, BI	USD$2585/mt
Med Heat S/off, BI	USD$2,900/mt

**BI - Backward Integrated, Afla & Pesticide residue screened material.