

Various Spices

Red Pepper - Market yard chilli

The Guntur market remained steady with daily arrivals of 1,800 to 2,000 mt daily. There has been little fluctuation in market rates since the market re-opened due to a low level of activity by exporters.

At the field level, land preparation is under way. However, sowing has not commenced as the rainfall has not been sufficient. Once the sowing is complete, there may be a selling pressure created by farmers who are holding stock in cold storage.

Due to regulatory demands, most of AVT Mc's customers are now using our Backward Integrated material. This controlled material is separate from the standard market material. With greater demands on this material, it is recommended that customers provide an indication of 2012 volume requirements as early as possible.

Cumin

Syria continues to experience civil unrest and as such, the currency is depreciating on a daily basis. In response to this, traders are holding onto commodities as opposed to a devaluing currency. This is directly effecting the availability of material and increasing the market rate by \$300-400 USD / mt in the last week.

Turkish crops are expected to arrive next month. While the crop appears to be a good one, market rates are likely to be effected by the Syrian prices.

China's crops have been effected by drought this year resulting in a shortage from this origin.

While India has had a good crop, the market rates have also been impacted by the situation in Syria. Current rates are \$3,490 USD /mt.

Coriander

Indian coriander was impacted by poor weather during the harvest this year. As a result market rates have been higher than previous years. Rates have remained steady, and will likely continue to do so until the new crop in February 2012.

EU coriander is expected by mid July. At this time the crop size is expected to be normal.

Fennel

The Indian fennel market rates eased slightly in the past week. However, it is expected to rise once again due to the limited availability of material from Egypt.

Fenugreek

This years crop has been a normal one and therefore the market has remained steady. No major fluctuations are expected. Market rate is currently \$780 USD/mt.

Celery

Market rates have reacted positively to this years bumper crop. Arrivals into the market are now in full swing. There is potential for rates to rise as extractors begin acquiring their annual requirements.

Dill Seed

A strong crop this year has positively impacted market rates. Prices are expected to remain steady. Current rates are \$1,300 USD/mt.

Aniseed

Turkey's aniseed crop is a bumper one this year. Material has begun arriving into the market place. Market rates have responded appropriately. Current rates are \$4,000 USD/mt.

Fennel

The Indian fennel market rates eased slightly in the past week. However, it is expected to rise once again due to the limited availability of material from Egypt.

Black Pepper

In the short term, market rates have eased slightly. Spot rates were at \$5,890 USD/mt down \$300 from beginning of June. This is due to weak international demand at the higher rates we've been experiencing.

In the long term rates are expected to increase. Reports indicate low stocks in Vietnam, and production is expected to fall this year. Brazil and Indonesian crops are also expected to be lower. In spite of record high rates, Indian farmers have been shifting to more profitable crops such as rubber, nutmeg and cardamom.

White Pepper

Availability is very low, and as a result rates will remain firm and likely increase. Currently Muntok is at \$8,900 USD/mt and Chinese is \$9,300 USD/mt.

AVT McCormick Recommendations

Black Pepper

Contract annual volumes now.

White Pepper

Contract annual volumes now.

Red Pepper

Rates are stable, contract annual volumes now.

Ginger

Contract annual volumes now.

Dill Seed

Cover volumes up to Jan.

Fenugreek

Contract annual volumes now.

Coriander

Contract requirements up to February now.

Turmeric MFT

Contract annual volumes now.

Cumin

Contract annual volumes now.

Celery

Contract annual volumes now.

Fennel

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

Clove

Contract annual volumes now.

Aniseed

Contract annual volumes now.

Allspice

Contract requirements late Aug.

Coriander EU

Contract requirements in Aug.

Nutmeg / Mace

Customer to conduct individual risk assessment to decide on spot or annual contract.

Various Spices

Ginger

Indian Ginger - Rates continue to be steady at \$3,250 USD/mt. Rains in Kerala have impacted arrivals into the terminal market in Cochin and rates are expected to rise when demand from Northern India and the Middle East begin shortly.

Chinese - Reduced production have impacted prices this year. Rates have remained steady. Current offer is \$5,375 USD/mt for low SO2 material.

Nigerian Ginger - Suppliers of Nigerian ginger have struggled to provide product that is free of aflatoxin. At this time, material is currently unavailable. The quality issues during this past season have severely damaged the ginger trade from this origin.

Turmeric

Turmeric (MFT) Internal demand has maintained a steady market rate for this material. Current rate is \$1,975 USD/mt.

AFT (Alleppey Finger Turmeric) Material with 5%+ curcumin is currently unavailable as extractors have procured most of the available stocks.

Cardamom

Favourable climatic conditions have resulted in a strong Indian crop this year. Increased activity in the spot market have prompted traders and stockists to increase their positions, impacting market rates.

AGEB (7mm) \$21,000 USD/mt

AGB (6mm) \$20,000 USD/mt

AGS \$16,000 USD/mt

Guatemala's 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 has been sharply impacted due to climatic issues. Total output is expected to be a minuscule 38,000mt - only 15% of a typical year.

Indonesian cigar companies have secured all available local material. Materials from Sri Lanka and Madagascar are becoming increasingly difficult to secure.

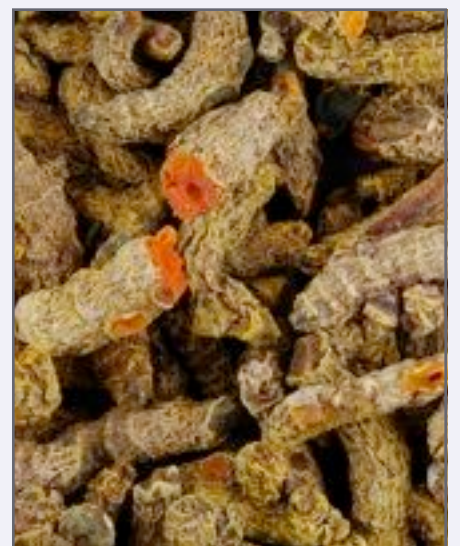
Shortages have an obvious impact on rates and ethics. There are reports of fraudulent shippers sending only stems and no clove. Rates have crossed \$20,000 USD/mt and may continue to climb.

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 have damaged the flowers and a reduction of 20-25% in crop size is expected.

Indian nutmeg has remained steady at \$21,000 USD /mt for afla guaranteed material. While Indonesian is at \$26,000 USD/mt. Materials without the guarantee are at \$17,000 USD/mt.



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All prices noted in this report reflect market rates for farm grade Raw Materials. These are not indicative pricing for Processed Finished Goods.