

August 29th, 2007

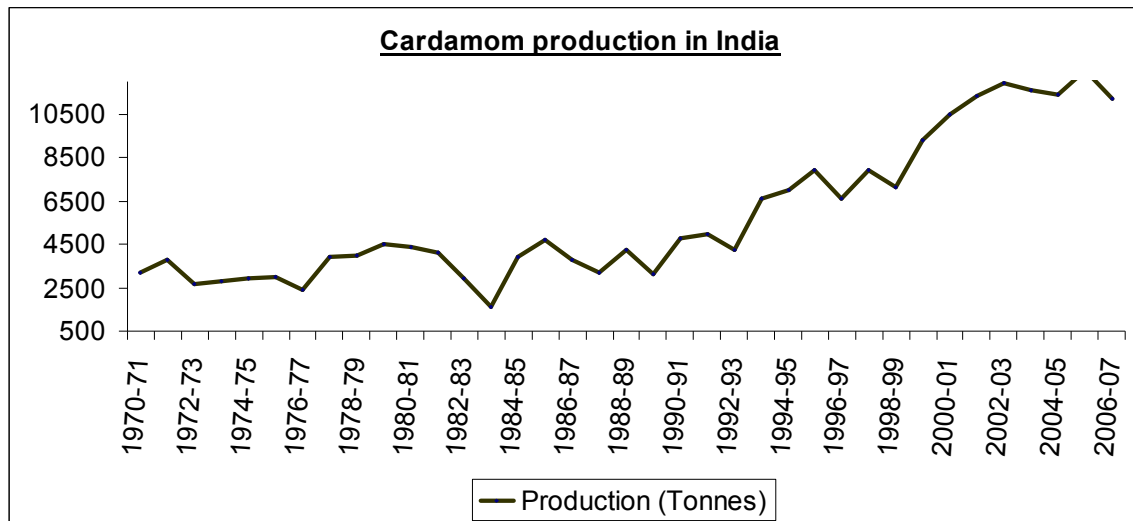


Cardamom - Regaining its flavour

Cardamom prices are expected to trade higher in near term on the back of strong fundamentals. Current arrival in the spot market is only from old stocks and full fledged arrival of new crop starts only from October. To meet the intermediary demand we can expect good buying from stockist and exporters in short term.

- Cardamom production in 2007-08 is likely to drop by 25%- 30% due to destruction of plants in Kerala
- Production is expected to be around 8500 MT to 9000 MT compared to previous year's production of about 11235 MT
- Heavy rain and wind damaged the cardamom plants in major production centers like Vandanmedu, Udumbanchola, Rajakkad and Santapara in Idukki district of Kerala. The production is estimated to decline significantly in these areas
- Already two rounds of harvesting have been completed in Kerala with poor production levels. Another four to five rounds of harvesting is left for the season, which is projected to be lower than previous year.
- Arrivals remained much lower than that of the previous year for same period due to prolonged dry spell this year followed by heavy rains and strong winds during the southwest monsoon
- Current arrivals are around 20000 – 25000 kgs compared to 45000 – 55000 kgs during corresponding period last year
- About 60 percent of the total area under Cardamom in Idukki district in Kerala is non – irrigated which is expected to delay in crop and lower arrivals from these areas.

Cardamom Production



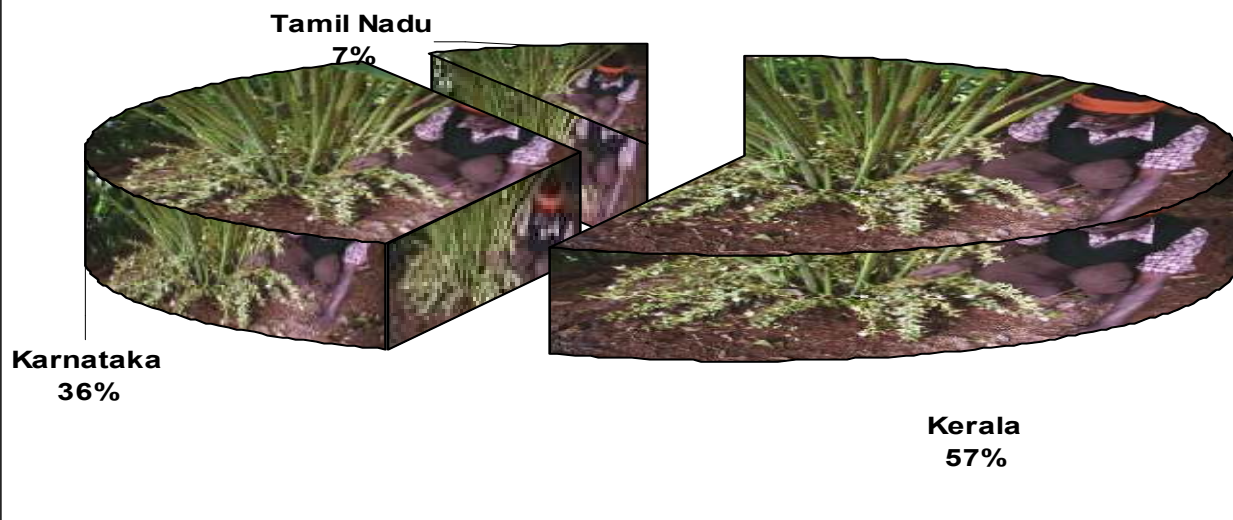
India stands second in total production of cardamom in the world. Production during **2007-08 is estimated to be around 8500 to 9000 MT compared to 11235 MT in 2006-07**. Uneven rain in Kerala and unfavorable weather conditions may lead to further decline in production levels.

Statewise area and Production of cardamom (small) in India

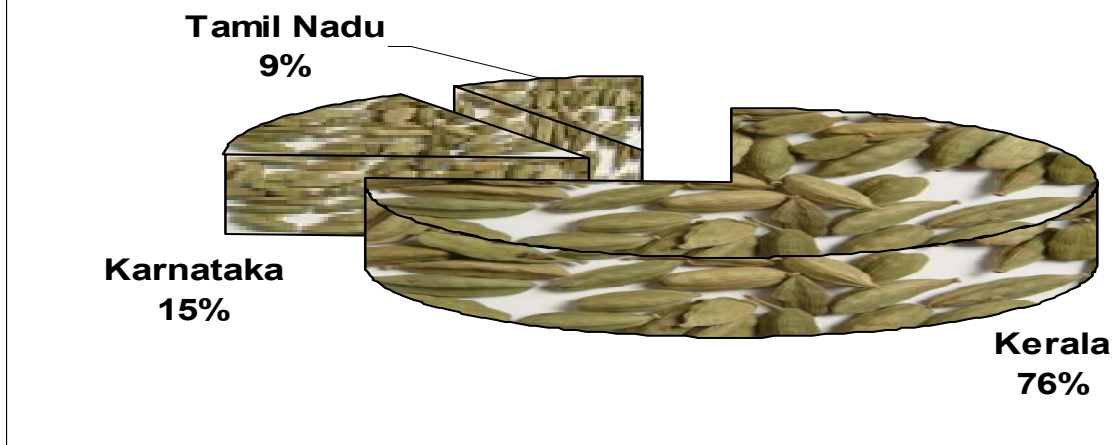
| Item | 2002-03 | | 2003-04 | | 2004-05 | | 2005-06 | | 2006-07 | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Area | Prodn. | Area | Prodn. | Area | Prodn. | Area | Prodn. | Area | Prodn. |
| Kerala | 41412 | 8680 | 41332 | 8875 | 41378 | 8616 | 41367 | 9765 | 41362 | 8545 |
| Karnataka | 26644 | 2310 | 26838 | 1740 | 27094 | 1879 | 27173 | 1775 | 26611 | 1725 |
| Tamil Nadu | 5069 | 930 | 5067 | 965 | 5253 | 920 | 5255 | 1000 | 5255 | 965 |
| Total | 73125 | 11920 | 73237 | 11580 | 73725 | 11415 | 73795 | 12540 | 73228 | 11235 |

Area declined in 2006-07 to 73,228 ha and production fell to 11,235 MT compared to 73,795 ha and production of 12,540 Mt during 2005-06.

Area under Cardamom Percentage share 2005-06



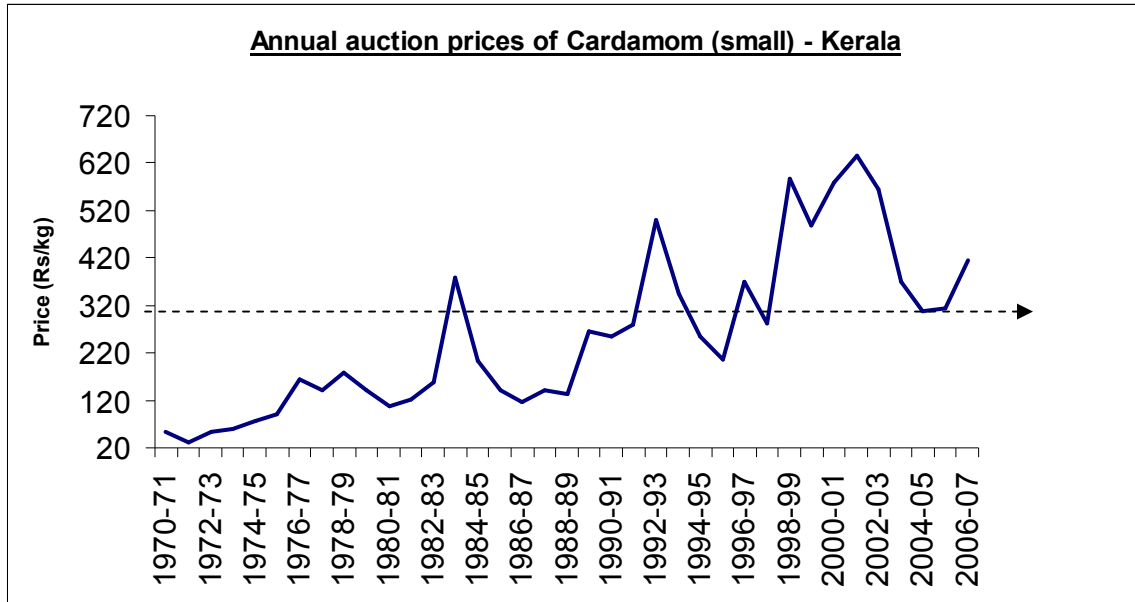
Percentage share in cardamom production 2005-06



Kerala occupies first position in both area (56%) and production (78%) of cardamom followed by Karnataka with 37% share in area and 14% share in production. Although area under cardamom in Karnataka has increased significantly but production is very less compared to Kerala.

Price analysis

Cardamom prices are mainly governed by rain fall in producing centers. This crop requires continues rain and enough moisture in soil. Lack of rain in producing center may lead to lower production.



Harvesting (Picking) pattern in cardamom

- **August to September – Harvesting starts in slow pace based on weather conditions.**
- **October to November – Peak harvesting period**
- **December to January – Ending of harvesting season**

Although October is the peak harvesting season we can expect good buying in the market as a result of exhausted stocks and upcoming festive demand from domestic as well as UAE markets.

Technical Update (September MCX)

Market fell sharply towards 504.50 levels after testing a high of 593. Prices are presently trading in a bearish channel with trend channel support pegged at 500 levels. Market has formed a falling wedge pattern which is signaling fair pullback to the prices. Immediate resistance is seen at the neckline part of the double top pattern at 533 levels and breach of the same only may see further advance towards trend channel resistance pegged at 540 levels. Momentum indicators are at oversold zone with Daily RSI (14 day's) is trading at 0.36 levels.

For the short term we recommend **buying around 500-510 targeting 528-30 and then 540 levels with stop loss at 489.**

And for **October contract we recommend buying around 525-528 targeting 548-50 and then 558 levels with stop loss at 517.**



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