

SPICES DAILY

May 30, 2006

TURMERIC

SPOT MARKETS

There were reports that few big corporate are actively buying in physical markets and these companies are also highly active at futures exchanges. Arrivals of turmeric in Nizamabad mandis have reduced to 3000-4000 bags. Arrivals in major mandis like Cuddappa, Sangli, Erode, Nanded have fallen by 20% during last 15 days. Traders are optimistic for its promising perspectives ahead. Traders feel that prices probably have bottomed out and it prices will improve in coming months with the emergence of demand from export front. This is clearly being reflected in futures market, where all the later months are getting traded at premiums.

FUTURES MARKETS:

Turmeric futures opened steady and sneaked in positive zone for a very brief period. Futures set out falling soon and this steady downtrend continued through the day. Futures saw its bottom at 2342 near 15.55 hrs. June contract ended off 122 points at 2375.

PRICE DRIVERS:

Bullish:

1. Harvesting almost complete in Andhra Pradesh.
2. Optimism for good demand ahead
3. High demand from Pickle industry
4. Rains might disrupt the supply chain

Weather

Rain/thundershowers are likely at most places over Lakshadweep, Kerala and Coastal Karnataka and at many places over South Interior Karnataka. Rains in turmeric growing regions might prove beneficial for sowing of the crop.

Technical Analysis

Dark candlestick body with opening 'marubozu' and relatively small lower shadow shows strong bearish pattern. Prices closed below both the 9-days and 18-days EMA. MACD is moving downward and still is in positive territory. Stochastic oscillator has made bearish crossover with %d line.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	2318	2260	2457	2538

TRADE RECOMMENDATION:

Buy near 2380 with target of 2450 with a strict stop loss at 2340. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.		Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger	2645	4000-5000
	Gattah	3390	
Erode	Finger	2500	5000-6000
	Gattah	2450	

BLACK PEPPER

SPOT MARKETS

Fear that government might raid godowns of the traders having stocks of Vietnamese origin pepper that had been routed through Sri Lanka triggered increased selling by stockists. Government in recent has recently raided areca nut and cloves. Prices of the same have improved in international markets. According to traders, this downtrend is momentary and demand might improve for the same on export front.

FUTURES MARKETS:

Pepper June futures opened in red zone. Though recovered from this bearish mode, but for a very brief period. Futures soon fell back in to negative territory and this downtrend continued all through the day. Futures bottomed out just before closing. June contract ended off 230 at 6550.

PRICE DRIVERS:

Bullish:

1. Low crop expectation of Indonesia and Brazil.

Bearish:

1. Futures exchanges have hefty stock of inferior quality of pepper.
2. No overseas demand
3. Fear of govt raids

Weather:

Rain/thundershowers are likely at most places over Lakshadweep, Kerala and Coastal Karnataka and at many places over South Interior Karnataka. Weather is not a factor as harvesting in Karnataka has come to end.

Technical Analysis

Dark candlestick body has formed 'long day' pattern. Prices closed below both the 9-days and 18-days EMA. MACD is still in negative territory and moving further downward. Stochastic oscillator has made bearish crossover with % d line and is in oversold zone.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	6465	6380	6710	6870

TRADE RECOMMENDATION:

Sell below 6550 with target of 6470 with a strict stop loss at 6625. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Tonnes)
Kochi	Garbled 7000	Nil
	Ungarbled 6600	Nil

RED CHILLIES

SPOT MARKETS

Fundamentals are weak in red chilli. Gunur markets remained closed. Traders are expecting increase in influx with the opening of many key markets on June 1st and then June 5. Guntur cold storage has a stock of around 40lakh bags of chilli of 40 Kgs each. Demand for the same is low in domestic markets. Trade sources informed that more than 60 percent harvesting of Sundari crop has been done. Sundari feeds entire eastern zone. So, this has affected its demand from Southern states. Harvesting of Bareilly Lal Mirchi is due ahead in June month in Uttar Pradesh.

FUTURES MARKETS:

June contract of chili opened firm, but this upside momentum did not last for long. Futures peaked with in 5 minutes after opening. Futures plunged in negative zone in next 10 minutes. Futures set day's bottom at 5045 near 1615 hrs. Chilli June contract ended off Rs 235 at Rs 5115 per qtl.

PRICE DRIVERS:

Bullish:

1. Market closed upto June 6 th
2. Harvesting continuing in W.Bengal
3. Moderate Local demand and demand from other states
4. Scarce arrivals in Andhra market

Bearish:

1. Bengal crop harvesting in progress

Weather

Rain/thundershowers are likely at most places over Lakshadweep, Kerala and Coastal Karnataka and at many places over South Interior Karnataka. Rain/thundershowers are likely at many places over Sub-Himalayan West Bengal & Sikkim and at few places over the rest region. Rains over Red Chilli growing regions might affect the crop kept for drying by the farmers. However as Guntur the major red chilli market is closed the loss might be minimal.

Technical Analysis

Dark candlestick body has formed 'long day' pattern and prices closed below both the 9-days and 18-days EMA. MACD has made centerline crossover in recent and further slanting southward. %k line is curving downward.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	4970	4825	5335	5555

TRADE RECOMMENDATION:

Sell near 5125 with a target of 5000 with a strict stop loss at 5195. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334	Closed	NIL
Varangal	LCA 334 (loose)	4500	4000

JEERA (Cumin)

SPOT MARKETS

Arrivals of Cumin in Unjha totalled at 7000 bags. Off take of the same today was reported at 4000 bags. Prices remained down due to subdued demand in the physical markets. Traders blame seasonality for low demand in domestic markets and still are optimistic about its friendly outlook in coming months. Gains in its prices in recent were credited to overseas reports. There were reports of rains in Kasuriya region in Turkey, which was assumed harmful for the crop. However, traders say that market had reacted impulsively to the reports from Turkey. Intensity of the same remained low and is unlikely to impact the crop therein.

FUTURES MARKETS:

Jeera June contract opened in positive zone, but set out moving downward soon after opening and plunged in negative zone with in 5 minutes. Steady downtrend persisted through the day. Futures bottomed out just before closing. Jeera June contract ended off 252 at 6370.

PRICE DRIVERS:

Bullish:

1. Better export prospects
2. Reducing arrivals
3. Expectation of less crop in other major producing nations
4. Export demand

Bearish:

1. Demand reducing from Traders side

Weather Rain/thundershowers are likely at many places over South Konkan & Goa; at a few places over south Madhya Maharashtra, north Konkan and Marathawada and isolated over north Madhya Maharashtra. Isolated ~~dst~~storm/thunderstorm may occurred over Rajasthan and weather is not a matter of concern at present.

Technical Analysis

Candlestick body has formed 'long day' pattern with very small lower shadow. Prices closed far off both the 9-days and 18-days EMA. MACD is dipping downward, but still is in positive zone. Stochastic oscillator has made bullish crossover with %d line.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	6274	6178	6558	6746

TRADE RECOMMENDATION:

Buy near 6365 with a target at 6450 and then 6475 with a strict stop loss at 6625 Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags)
Unjha	F.A.Q	1200 - 1350
	Ganesh	1300 - 1450
	Machine Cleaned	1400 - 1500

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