

SPICES DAILY

May 29, 2006

TURMERIC

SPOT MARKETS

Erode and Nizamabad markets remained closed today on the occasion of Amawasya. The arrivals in almost all the major markets are decreasing and the demand for turmeric is moderate and will decrease after onset of monsoon. The sowing of turmeric has begun in Karnataka (Mysore), TamilNadu and Andhra Pradesh. Harvesting is complete in Andhra Pradesh and Tamil Nadu. Traders believe the demand for turmeric might decline in coming days with the onset of monsoon. However, with decreasing arrivals and moderate demand at the moment, the prices are likely to remain range bound in next few days.

FUTURES MARKETS:

Prices at NCDEX June Turmeric contract followed spot market sentiments and traded bearish. The contract opened below previous close at 2562 a quintal and thereafter continued to decline and settled in red at Rs. 2532. The total volumes traded during the day were 4490 MT's that was almost double than yesterday and open interest was of 9620 MT's.

PRICE DRIVERS:

Bullish:

1. Arrivals are decreasing.
2. High demand from traders ahead of rainy season.
3. High demand from Pickle industry
4. Rains might disrupt the supply chain

Bearish

1. Sowing has started

Weather

Rain/thundershowers are likely at most places over coastal Karnataka; at many places over South Interior Karnataka, Andhra Pradesh and at few places over the rest region. Rains in turmeric growing regions might prove beneficial for sowing the crop.

TECHNICALS

Candlesticks are indicating bearish sentiments. Oscillators are bearish. MACD is in positive zone. Short-term moving averages are indicating a further decline in prices. The prices might remain volatile during the day with bearish bias.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	2430	2399	2531	2558

TRADE RECOMMENDATION:

Sell below 2510 with target of 2575 with a strict stop loss at 2532. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.		Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger	Closed	-
	Gattah	Closed	
Erode	Finger	Closed	-
	Gattah	Closed	

BLACK PEPPER

SPOT MARKETS

Black pepper at Kochi market remained subdued on the last trading day of the week, as continuous rains in the region has affected the arrivals in the Market. The prices dipped slightly in the absence of any notable overseas demand. According to some unconfirmed sources, an illegal consignment of Arecanut and Black Pepper of Vietnam origin, which was shipped from Sri Lanka, is exposed recently and the said local importers are reported to be selling the same in the consuming centres. The news is imparting some bearish tone to the market. Indian prices have now become competitive in world market; recently USA has bought Pepper at \$1650, which is in parity to Indian prices. This creates some hope for the Indian exporter and some rekindling in demand can be seen shortly. The prices of pepper are likely to remain range bound with slightly bearish inclination until the export demand rekindles.

FUTURES MARKETS:

Black pepper prices at NCDEX June futures contract opened slightly above previous days close and traded bearish for most of the time. During the day prices were lowest at Rs. 6761 and the trading ended at Rs. 6796 a quintal.

PRICE DRIVERS:

Bullish:

1. Low crop expectation of Indonesia and Brazil.
2. Indian prices are competitive in global markets, which might rekindle export demand.

Bearish:

1. Futures exchanges have hefty stock of inferior quality of pepper.
2. No overseas demand

Weather:

Rain/thundershowers are likely at most places over Lakshadweep, Kerala coastal Karnataka; at many places over South Interior Karnataka and Andaman & Nicobar Islands and at few places over the rest region. Weather is not a major factor as harvesting in Karnataka has come to end.

TECHNICALS

Candlesticks are indicating bearish sentiments. Oscillators are flat and Short-term moving averages are indicating prices might decline. MACD is in negative zone. The contract might see volatile price movements and might trade bearish.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	6699	6650	6882	6951

TRADE RECOMMENDATION:

Sell below 6820 with target of 6720 with a strict stop loss at 6882. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Tonnes)
Kochi	Garbled 7050	7
	Ungarbled 6650	7

RED CHILLIES

SPOT MARKETS

Warangal market remained closed today on the occasion of Amawasya. Market is expecting some export demand shortly from Bangladesh, Saudi Arabia and the same is supporting prices despite good arrivals. Red chilli market at Guntur also remained closed due to annual summer vacations in the market. The market will remain closed up to June 06. Guntur cold storage has a stock of around 40lakh bags of chilli of 40 Kgs each. Chilli prices might continue to trade range bound to slightly firm due to moderate demand in coming few days.

FUTURES MARKETS:

Chilli (LCA 334) June contract at NCDEX saw selling activity and traded bearish. The contract opened below previous close at Rs. 5490 a quintal and thereafter recovered to highest at 5535 highest per quintal and was lowest at Rs. 5344 and then settled at Rs. 5363. The total volume traded was of 6945 MT's.

PRICE DRIVERS:

Bullish:

1. Harvesting almost complete in Andhra
2. Moderate Local demand and demand from other states
3. Scarce arrivals in Andhra market
4. Rumor of expected demand from international markets

Bearish:

5. Bengal crop harvesting in progress

Weather

Rain/thundershowers are likely at South Interior Karnataka, Andhra Pradesh and with isolated squall are likely at many places over coastal Orissa and Gangetic West Bengal. Rains over Red Chilli growing regions in Bengal might affect the crop harvest and drying.

TECHNICALS

Candlesticks are indicating indecision in the market sentiments. Oscillators are bullish. MACD is bearish in positive zone. The contract might see volatile price movement with bullish bias during the session.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	5233	5145	5498	5559

TRADE RECOMMENDATION:

Buv above 5380 with a target of 5555 with a strict stop loss at

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

JEERA (Cumin)

SPOT MARKETS

Jeera at Unjha market remained flat at the previous day's levels on slight increase in arrivals today. As the prices are already at higher levels, the momentum of surge is taming. Further, the demand from International markets is steady but are price sensitive and importers are not quoting high prices at the moment. According to some unconfirmed sources some rains are reported in the Jeera growing area of Turkey and the same is feared to harm the crop, however, the extent of loss hasn't been estimated yet. This might tilt the global demand supply balance in favour of somewhat higher prices in time to come. The domestic demand at present is slightly less due to Mango crop arrivals and summer season. Exporters from Mumbai are buying 1000 - 1500 bags of Jeera daily for exporting it to Singapore. The farmers are holding the commodity in anticipation of cashing in greater returns by selling at increased prices in future. There are bright chances of increase in Indian exports this year therefore the prices are likely to remain firm in the long term. Moderate demand along with reducing arrivals might keep prices range bound in coming days.

FUTURES MARKETS:

NCDEX June contract Jeera opened firm and thereafter recovered to a high at Rs. 6770 and then end low at Rs. 6659 a quintal. Volume figures of the day came out to be 1989 MT's.

PRICE DRIVERS:

Bullish:

1. Better export prospects.
2. Concerns of crop damage by rains in Turkey

Bearish:

1. Mango season
2. Demand reducing from Traders side

Weather Mainly dry weather over Gujarat and Rajasthan. Harvesting is complete in Gujarat and Rajasthan and weather is not a matter of concern at present.

TECHNICALS

Candlesticks are indicating indecisiveness in the market and stochastic is giving bullish signal in the oversold region. MACD is bearish in positive zone. The contract might witness volatile movements in prices.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	6563	6515	6766	6808

TRADE RECOMMENDATION:

Buy above 6595 with a target at 6680 and then 6720 with a strict stop loss at 6530. Trade cautiously with intra day outlook.

Centers	Prices/20Kgs.	Arrivals (Bags)
Unjha	F.A.Q 1330 - 1430	7000
	Ganesh 1330 - 1470	
	Machine Cleaned 1430 - 1570	