

SPICES DAILY

May 24, 2006

TURMERIC

SPOT MARKETS

Turmeric prices remained steady in Erode market on steady arrivals and moderate demand. However in Nizamabad turmeric prices improved today on reduced arrivals and high demand particularly from pickle makers. The arrivals in almost all the major markets are decreasing and the demand for turmeric is moderate and will decrease after a few days from pickle making industry due to arrival of monsoon. The sowing of turmeric has begun in Karnataka (Mysore), TamilNadu and Andhra Pradesh. Harvesting is complete in Andhra Pradesh and Tamil Nadu. The Sangli crop harvesting is about to get over. Traders believe the demand for turmeric might decline in coming days with the onset of monsoon. With decreasing arrivals and high demand the prices might remain slightly firm coming days.

FUTURES MARKETS:

NCDEX June Turmeric contract lacked any particular direction when compared with yesterday's closing and by the end of the day ended indecisive. The contract opened above previous trading days close at Rs. 2600 and thereafter declined and then improved for most of the time. During the session prices hovered between Rs. 2571 - 2630 a quintal and the days trading settled at Rs. 2605.

PRICE DRIVERS:

Bullish:

1. Harvesting almost complete in Andhra Pradesh.
2. High demand from traders ahead of rainy season.
3. High demand from Pickle industry
4. Rains might disrupt the supply chain

Bearish:

1. Less consumption in markets of north India due to summer season.

Weather

Rain/thundershowers are likely at isolated places over the rest region outside North Interior Karnataka where mainly dry weather is likely. Rains in turmeric growing regions might prove beneficial for sowing the crop.

TECHNICALS

Candlesticks are indicating indecision. Oscillators are bullish and short-term moving averages are indicating prices might recover. The contract might trade firm.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	2507	2532	2629	2676

TRADE RECOMMENDATION:

Buy above 2605 with target of 2634 with a strict stop loss at 2584. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 2300	2500
	Gattah 2300	
Erode	Finger 2500 - 2550	7000 - 9000
	Gattah 2450 - 2500	

BLACK PEPPER

SPOT MARKETS

Black pepper prices at Kochi market remained steady today no fresh arrivals in the market. The Indian Government in its FTA has announced to impose tariff rate quota on import of pepper in the country from some Asean nations from January' 07. The market is expecting to attract fresh demand as Indian prices have become competitive in world market and rupee has weakened against dollar. The prices of pepper are likely to remain range bound.

FUTURES MARKETS:

Black pepper prices at NCDEX June futures remained indecisive and opened Rs. 2 up at Rs. 6918 a quintal as against yesterday's close and traded range bound with bullish bias. The prices hovered between Rs. 6880 - 6980 per quintal and got settled at Rs. 6933 a quintal.

PRICE DRIVERS:

Bullish:

1. Karnataka crop harvesting complete
2. Expectation of demand from grinders before monsoon
3. Government announces TRQ's on import of pepper

Bearish:

1. Futures exchanges have hefty stock of inferior quality of pepper.
2. No overseas demand
3. Failure of Auction by Markfed

Weather:

Rain/thundershowers are likely at many places over Andaman & Nicobar Island; at a few places over Lakshadweep and Kerala and at isolated places over the rest region outside North Interior Karnataka where mainly dry weather is likely. Weather is not a factor as harvesting in Karnataka has come to end.

TECHNICALS

Candlesticks are indicating indecision. Stochastic is in neutral region. MACD is in negative zone. The Short term moving averages are indicating prices might recover.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	6871	6802	6994	7071

TRADE RECOMMENDATION:

Buy above 6930 with target of 7000 with a strict stop loss at 6876. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Tonnes)
Kochi	Garbled 7100	Nil
	Ungarbled 6700	Nil

RED CHILLIES

SPOT MARKETS

Red chilli in Varangal market continued to trade at steady prices on same arrivals and steady demand. Red chilli market at Guntur 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 reducing arrivals, and moderate demand in coming few days.

FUTURES MARKETS:

Chilli June contract at NCDEX saw another reaction day today. The contract opened below previous days close at Rs. 5310 a quintal and thereafter declined on selling activity. The prices declined to 5231 and ended in red at Rs. 5263 a quintal.

PRICE DRIVERS:

Bullish:

1. Market closed upto June 6 th
2. Harvesting almost complete
3. Moderate Local demand and demand from other states
4. Scarce arrivals

Bearish:

5. Bengal crop meager arrivals

Weather

Rain/thundershowers are likely at isolated places over the rest region outside North Interior Karnataka where mainly dry weather is likely. Isolated rain/thundershowers likely over south Madhya Maharashtra. 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.

TECHNICALS

Candlesticks are indicating bearish sentiments. Stochastic Oscillator has made bearish crossover. MACD is in positive zone. Short - term moving averages are indicating that prices might decline. The contract might trade bearish.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	5154	4991	5327	5453

TRADE RECOMMENDATION:

Sell below 5260 with a target of 5200 and then 5180 with a strict stop loss at 5305. 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)	3800-4700	2000

JEERA (Cumin)

SPOT MARKETS

Jeera prices at Unjha market continued to decline on reduced demand as against earlier aggressive demand. The domestic demand at present is slightly less due to Mango crop arrivals and summer season. 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, however due to slightly less domestic demand, decreasing arrivals the prices might remain range bound with bearish bias and thereafter recover.

FUTURES MARKETS:

NCDEX Jeera June contract following previous bearish sentiments traded bearish today. The contract opened below previous day's close at Rs. 6651 a quintal and traded low throughout the session only to settle at Rs. 6543.

PRICE DRIVERS:

Bullish:

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

Bearish:

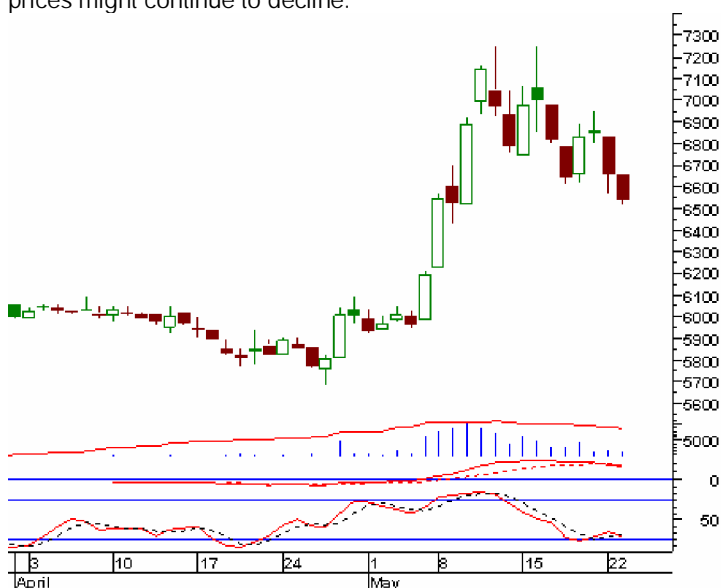
1. Mango season
2. Less consumption in North India
3. Demand reducing from Traders side

Weather

Isolated dust-storm/thunder-storm may occur over Rajasthan and isolated rain/thundershowers likely over south Madhya Maharashtra. Harvesting is complete in Gujarat and Rajasthan and weather is not a matter of concern at present.

TECHNICALS

Candlesticks are indicating bearish sentiments and stochastic has made a bearish crossover. MACD is bearish in positive zone. Short term moving averages are indicating bearish sentiments. The prices might continue to decline.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	6426	6325	6661	6793

TRADE RECOMMENDATION:

Sell below 6540 with a target at 6480 and then 6455 with a strict stop loss at 6584. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Bags)
Unjha	F.A.Q	1340 - 1400	8000
	Ganesh	1300 - 1450	
	Machine Cleaned	1410 - 1550	

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