

SPICES DAILY

May 19, 2006

TURMERIC

SPOT MARKETS

Turmeric prices at most of the producing and trading centres remained firm today. The prices recovered on reducing arrivals and high off take. In Erode market traders from across the nation are buying however market lacks participation of stockists in buying at current prices. The demand for gattah grade in Nizamabad market is high and buyers from Uttar Pradesh and M.P. are purchasing. Similar price rise was seen in Warangal, and Duggirala markets. Traders are expecting some export demand from Srilanka can be seen in coming days.. Due to reduced arrivals and high demand the prices of turmeric might remain steady to slightly firm for few days.

FUTURES MARKETS:

Turmeric at NCDEX June contract opened weak and thereafter surged high on hefty speculative buying coupled with bullish spot market advices. June contract saw a price movement of Rs. 163 during the day and traded highest at Rs. 2658 per quintal and bent slightly only to settle at Rs. 2625.

PRICE DRIVERS:

Bullish:

1. Harvesting near completion in Andhra Pradesh.
2. High demand from both domestic markets.
3. Stockists are willing to buy ahead of rainy season
4. Rains may disrupt the supply chain

Bearish:

1. Decline in demand might be seen from North Indian markets after a few days due to less consumption in summer season.

Weather

Rain/thundershowers are likely at few places over south Coastal Andhra Pradesh and coastal Tamil Nadu and isolated over the rest region outside Telangana. Rains over these regions have no effect on the crop as most of it is harvested but heavy rains expected in June first week might disrupt the supply chain.

TECHNICALS

Candlesticks are indicating strong bullish sentiments. Stochastic Oscillator has made bullish crossover and short-term moving averages are indicating prices might improve.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	2582	2534	2676	2732

TRADE RECOMMENDATION:

Buy above 2595 with target of 2668 with a strict stop loss at 2542. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 2000- 2150	4000
	Gattah 1950 - 2050	
Erode	Finger 2500- 2625	8000
	Gattah 2400 - 2525	

BLACK PEPPER

SPOT MARKETS

Black pepper prices at Kochi market declined today on absence of any positive news and lack of fresh demand from overseas markets. The market did not witness any arrivals as the market lacks sellers at current prices. The exporters are not buying as Indian pepper prices lacks competitiveness against Vietnam. The prices of pepper are likely to remain range bound until any strong news comes to propel it.

FUTURES MARKETS:

Black pepper prices at NCDEX futures market continued with its previous bearish trend. June pepper contract opened at Rs. 12 below the previous close and tried to recover initially but could not sustain at high levels and ended in red at Rs. 6873 a quintal by the end of the days trading session.

PRICE DRIVERS:

Bullish:

1. Possibility to put Cap on imports from Srilanka
2. Karnataka crop harvesting complete
3. Vietnam harvesting about to end

Bearish:

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

Weather:

Mainly dry weather is likely at Coastal & North Interior Karnataka. Weather is not a factor as harvesting in Karnataka has come to end.

TECHNICALS

Candlesticks are indicating bearish sentiments. Oscillators are showing the prices have entered oversold region. Short term moving averages are indicating prices might decline. The bears might continue to remain active in black pepper market.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	6707	6801	6950	7020

TRADE RECOMMENDATION:

Sell below 6870 with target of 6822 with a strict stop loss at 6908. Trade cautiously with intra day outlook.

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

RED CHILLIES

SPOT MARKETS

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. The prices of chilli at other trading and producing centres might remain firm due to shift in demand. At Warangal market chilli traded range bound on high local consumption and meagre arrivals. Chilli prices might continue to trade firm on reducing arrivals, and increase in demand in coming few days.

FUTURES MARKETS:

Chilli June contract at NCDEX showed complete indecision among buyers and sellers. The prices remained between Rs. 5426 - 5550 a quintal. The market is repeatedly testing the major support of 5424 level. The trading ended bearish at Rs. 5489.

PRICE DRIVERS:

Bullish:

1. Market closed for 21 days
2. Harvesting almost complete
3. high local consumption
4. Expected improvement in demand

Bearish:

5. Bengal crop scarce arrivals

Weather

Rain/thundershowers are likely at few places over south Coastal Andhra Pradesh and coastal Tamil Nadu and isolated over the rest region outside Telangana. Rains over these 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 indecision. Oscillators are indicating recovery in prices. MACD is in positive zone. The contract might show volatile price movements.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	5424	5277	5589	5803

TRADE RECOMMENDATION:

Buy above 5465 with a target of 5500 with a strict stop loss at 5438. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334	Closed	NIL
Warangal	LCA 334 (loose)	3800-4700	3000

JEERA (Cumin)

SPOT MARKETS

Jeera prices at Unjha market continued to decline today. The market saw reduced arrivals but according to market sources the domestic demand is declining due to Mango season and summer season. However market is expecting some demand might come from Egypt. The farmers are not willing to sell at current prices. Also, the surplus with the other producing countries is not large and their crop expectation is less, there is a good chance for the Indian exporters this year to earn from overseas markets. The prices are likely to remain firm in the long term, however due to slightly less domestic demand, decreasing arrivals the prices might decline slightly and thereafter recover.

FUTURES MARKETS:

NCDEX Jeera June contract showed a reaction day today. The contract got direction from selling activity and opened bearish. Thereafter continued to fall, till it reached a price level of 6615 and then ended on a negative note at 6643.10.

PRICE DRIVERS:

Bullish:

1. Better export prospects
2. Reduced arrivals
3. Market expecting export demand to come in few days

Bearish:

1. Mango season
2. Demand reducing from Traders side

Weather

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

TECHNICALS

Candlesticks are indicating bearish sentiments and oscillators indicating prices might decline. Short term moving averages are indicating weakness in prices. The prices are likely to continue to decline.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX June	6426	6542	6792	6938

TRADE RECOMMENDATION:

Sell below 6640 with a target at 6555 with a strict stop loss at 6700. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags)
Unjha	F.A.Q 1250 - 1350	10000
	Ganesh 1300 - 1400	
	Machine Cleaned 1400 - 1550	

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