

SPICES DAILY

July 19, 2006

TURMERIC

SPOT MARKETS

Turmeric prices improved in Nizamabad market due to inadequate rains that are essential for sowing of turmeric. Turmeric growing regions of Andhra Pradesh did not receive rains for the past one week however some drizzle were observed today. The prices of turmeric might remain firm if the rains remain absent from the area. The market has high stock and less demand. Erode market saw greater arrivals as yesterday market remained closed and the demand for the commodity was low at around 60 - 70 percent of the day's inflow. The buyers are from the markets of North India and from local markets of Erode and adjoining areas. The prices are expected to improve slight especially looking at the weak monsoon situation. Demand is also picking up as weather is clear.

FUTURES MARKETS:

Turmeric futures at the NCDEX continued to trade firm following previous day's good recovery in prices. August contract opened firm at Rs 2440 and there traded bullish throughout the day in the range of Rs. 2432 - 2473. The days trading closed in green at Rs. 2458 per quintal. The total volumes traded during the day augmented to 2890 MT's.

PRICE DRIVERS:

Bearish:

1. Increased acreage being projected
2. Hefty stock

Bullish:

1. Improving demand
2. Poor weather situation

Weather:

Rain/thundershowers are likely at many places over Kerala, Coastal Karnataka, and Andaman & Nicobar Islands and isolated over the rest region. Rains in turmeric growing regions might prove beneficial for sowing the crop.

TECHNICALS

Candlesticks are showing bullish sentiments in the market. Stochastic is in neutral region and MACD is in negative zone. The prices might show volatile movements.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|--------------|------|------|------|------|
| NCDEX August | 2440 | 2415 | 2481 | 2509 |

TRADE RECOMMENDATION:

Buy above Rs. 2450 with target at Rs. 2472 and then 2478 with a strict stop loss at Rs. 2434. Trade cautiously with intra day outlook.

| Centers | Prices/Qtls. | Arrivals (Bags) one bag = 90 Kgs. |
|-----------|--------------------|-----------------------------------|
| Nizamabad | Finger 2100 - 2120 | 1500 |
| | Gattah 2150-2170 | |
| Erode | Finger 2450 - 2500 | 5000 - 5500 |
| | Gattah 2400 - 2450 | |

BLACK PEPPER

SPOT MARKETS

Black pepper traded at similar prices at Kochi market as there were no arrivals in the market on possibility of holding back stocks by the producers. According to market sources harvesting in Srilanka has begun and India is importing immature pepper from Srilanka. The grinders and oleoresin companies are buying Srilankan pepper as the market has unconfirmed reports of higher oil content in Srilankan Pepper. However crop in Srilanka is short this year. The condition is favourable for Indian grinders as they get some concessions on such imports. However Indian pepper is still competitive as the Rupee is weak against dollar and Export demand is high. Vietnam has sold a large part of its produce and market has some reports of loss to pepper crop in South-eastern Vietnam. Harvesting in Indonesia is in progress but reports of Tsunami are bringing bullish expectations. Brazil and Indonesia has estimates of poor crop with low carry over stock. Pepper prices might see some range bound movement with firm bias.

FUTURES MARKETS:

Pepper prices at NCDEX August futures contract opened firm at Rs 8060 a quintal and then recovered after touching a low of Rs. 7971.00 a quintal. The prices increased to Rs. 8145 a quintal and thereafter declined to settle in red at Rs. 8016.00 a quintal. The prices are getting support from the strength in the spot market sentiments. The total volumes traded during the day were 6082 MT's.

PRICE DRIVERS:

Bullish:

1. Indian pepper prices competitive in global market
2. Srilanka poor crop expectation
3. Vietnam stocks depleting
4. Brazil, Indonesia low crop estimates
5. Rupee weak against dollar
6. High Demand

Bearish:

1. Srilanka Harvesting begins
2. Srilankan pepper has high oil content

Weather:

Rain/thundershowers are likely at many places over Kerala, Coastal Karnataka, and Andaman & Nicobar Islands and isolated over the rest region. Rains at this stage will prove beneficial for pepper crop.

TECHNICALS

Candlesticks are indicating bearish sentiments. MACD is in the positive territory, Stochastic has just entered in overbought region. The prices might show initial downfall and thereafter trade firm.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|--------------|------|------|------|------|
| NCDEX August | 7912 | 7851 | 8100 | 8150 |

TRADE RECOMMENDATION:

Buy above Rs. 7960 with a target at Rs. 8024 and then 8058 with a strict stop loss at Rs. 7910. Trade cautiously with intra day outlook.

| Centers | Prices/Qtls. | Arrivals (Tonnes) |
|---------|----------------|-------------------|
| Kochi | Garbled 7850 | NIL |
| | Ungarbled 7450 | NIL |

RED CHILLIES

SPOT MARKETS

Red chilli prices in Guntur market remained steady today in the absence of any fresh inputs. The arrivals were in the same range and comprised of 2000 - 3000 bags of non cold storage stuff. Demand for premium quality chilli is still is being exported to Srilanka and Bangladesh. As rains affected a large part of the previous crop, the demand for chilli is mainly confined to premium quality. According to market sources the market has a stock of about 40 lakh bags of around 45 Kgs. each. Increased acreage of crop is expected as farmers are encouraged by the good prices this year. The prices are expected to remain range bound to slightly bearish on low domestic demand.

FUTURES MARKETS:

Chilli futures at the NCDEX traded firm throughout the session during the first trading day of the week and closed with some good gains. August contract opened gap up at Rs 4965 and there after it traded green throughout the day in the range of Rs 4950-5035. The days trading closed in green at Rs. 2444 per quintal. The total volumes traded during the day decreased slightly to 1760 MT.

PRICE DRIVERS:

Bullish:

1. Low Production
2. Dry patch of monsoon
3. Export demand for premium quality

Bearish:

1. Hefty stock
2. Low demand due to poor quality
3. Increased expected acreage

Weather:

Rain/thundershowers are likely at many places over Kerala, Coastal Karnataka, and Andaman & Nicobar Islands and isolated over the rest region. Recent dry patch of weather is not going to affect the chilly crop in a big way as it is mostly grown in the irrigated areas. However, in rainfed areas the sowing pace might be affected.

TECHNICALS

Candlesticks are showing bearish sentiments. Stochastic has made bullish crossover in neutral region. MACD is flat in positive zone. The prices are most likely to remain rangebound to slightly bearish.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|--------------|------|------|------|------|
| NCDEX August | 4896 | 4837 | 5038 | 5125 |

TRADE RECOMMENDATION:

Sell near 4998 - 5004 targeting 4934 and then 4915 with a strict stop loss of 5046. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl. | Arrivals (Bags) 1 bag = 40 to 45 Kgs. |
|---------|--|---------------------------------------|
| Guntur | LCA 334 (loose) Cold Storage 4400-4500 | 25000 |
| | LCA 334 (loose) Non Cold Storage 3700-4100 | |

JEERA (Cumin)

SPOT MARKETS

Jeera in Unjha market traded at similar price levels. The arrivals reduced and demand is high on bullish fundamentals. The demand is coming from the Jeera exporters of Mumbai with Dubai and Singapore being their prime destinations. Demand is expected to remain good due to fair chances of good exports this year as most of the major jeera producing countries including Syria and Turkey are short of their normal production and harvesting in turkey (delayed) is expected to complete only by August. The domestic demand is also expected to increase in coming days. The prices might remain slightly firm for few days.

FUTURES MARKETS:

Jeera futures after witnessing yesterdays surge in prices declined on profit booking. Jeera August futures at NCDEX opened low at Rs 7440 and traded in the range of Rs. 7341 - 7480 a quintal. The contract settled bearish at Rs 7373. The total volumes traded decreased to 9672 MT.

PRICE DRIVERS:

Bullish:

1. Short crop in other major producing nations
2. Syria crop of inferior quality
4. Low carry over stocks in Turkey and Syria
5. Improvement in domestic demand
6. Demand increasing from Export Front

Weather:

Rain/thundershowers are likely at most places over Vidarbha and Madhya Pradesh and at many places over Chhattisgarh. Weather is not a matter of much concern as harvesting is complete and however any rains might affect arrivals of the commodity in the market.

TECHNICALS

Candlesticks are indicating indecision in the market. Stochastic is bullish in neutral region. MACD is in positive region. The prices might show volatile movements.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|--------------|------|------|------|------|
| NCDEX August | 7325 | 7250 | 7450 | 7499 |

TRADE RECOMMENDATION:

Buy above 7325 with target of 7400 and then 7424 with a strict stop loss at 7274. Trade cautiously with intra day outlook.

| Centers | Prices/20 Kgs. | | Arrivals (Bags) |
|---------|-----------------|-------------|-----------------|
| Unjha | F.A.Q | 1410- 1450 | 8000 |
| | Ganesh | 1470 - 1480 | |
| | Machine Cleaned | 1480 - 1780 | |

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