

SPICES DAILY

July 26, 2006

TURMERIC

SPOT MARKETS

Turmeric prices remained calm today in Erode market, whereas Nizamabad market was closed. The arrivals were routine and its major chunk was sold in Erode mandi. The market has enough stocks to cope with the off season demand. Erode market has a stock of around 6 lakh bags to 7 lakh bags of turmeric. The buyers were mainly from the markets of North India and local markets. Export demand is from Malaysia, Singapore, Gulf countries and Srilanka. Sowing is complete in Andhra Pradesh and acreage is similar to that of the previous year. Karnataka and Tamil Nadu sowing is also complete with increased acreage this year. The prices might remain range bound for the moment.

FUTURES MARKETS:

Turmeric futures at the NCDEX started the day on a weaker note and then prices tested the higher levels for few times, but bearish fundamentals finally gave strength to the bears to dominate the day's trade. August contract opened weak at Rs 2490 and then prices tapped to the highs of Rs 2525 before finally closing the day at Rs 2495.

PRICE DRIVERS:

Bearish:

1. Increased acreage being projected in Karnataka
2. Hefty stock

Bullish:

1. Improving domestic demand
2. Poor weather situation
3. Export Demand

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

TECHNICALS

Long upper shadow of candlestick shows tentativeness at higher levels. Stochastic is in the neural region and MACD is in positive zone. The prices might show volatile movements with bearish bias.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX August	2452	2423	2529	2550

TRADE RECOMMENDATION:

Sell below Rs. 2505 with target at Rs. 2481 and then 2465 with a strict stop loss at Rs. 2522. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger Closed	-
	Gattah Closed	
Erode	Finger 2450-2550	4000
	Gattah 2450-2500	

BLACK PEPPER

SPOT MARKETS

Black pepper prices at Kochi market skyrocketed, as according to some unconfirmed sources the pepper quote by Vietnam jumped up. Further, the market has very low stocks, which is underpinning the prices on the back of good export demand and lucrative international prices. The prices made yet another quantum jump of Rs 150 per quintal during the day. The market did not see any fresh arrivals. Export demand is high and attracting buyers from international markets. The supply side is short and the demand is high. Exchanges are left with reduced stock and sellers are not coming up with their commodity in the market. Brazil and Indonesia has estimates of poor crop with low carry over stock. Market sources estimates crop of Indonesia to be less by around 25 – 30 percent this season. Harvesting in Srilanka, Indonesia and Brazil is in progress and crop is short this year. Pepper prices might remain firm for few days.

FUTURES MARKETS:

Pepper prices at NCDEX August futures opened the day firm, but some profit booking during the mid session pulled the prices down. However, the buyers came back strongly in the evening session and took the prices to astronomical highs. The August contract of pepper at NCDEX opened the day firm at Rs 8900 and then the prices dipped to see the lows of Rs 8740. The contract saw quantum jump in the later session and the prices surged to the record high levels of Rs 9401, before finally closing the day at Rs 9385 per quintal. The total volume traded during the day was also supportive at 13078 MT's.

PRICE DRIVERS:

Bullish:

1. Indian pepper prices competitive in global market
2. Srilanka poor crop expectation
3. Srilankan pepper has high oil content
4. Higher quote by Vietnam in depleting stock scenario
5. Brazil, Indonesia low crop estimates

Bearish:

1. Brazil, Indonesia and Sri Lanka harvesting continues

Weather:

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

TECHNICALS

Candlesticks are indicating strong bullish sentiments. MACD is in the positive territory, Stochastic is however in the overbought region, which is a bit concerning. The prices might continue to remain firm, expect some volatility on profit booking.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX August	9172	8944	9635	9700

TRADE RECOMMENDATION:

The prices are at record high levels and also the market is overbought, which makes it vulnerable to some profit booking. Risk averse investors should stay away from the market at the stage. Buy only on major dips towards Rs. 9250-9200 with a target at Rs. 9500 with a strict stop loss at Rs. 9100. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Tonnes)
Kochi	Garbled 9000	NIL
	Ungarbled 8600	NIL

RED CHILLIES

SPOT MARKETS

Red chilli prices in Guntur remained subdued as the heavy arrivals pressured the prices in absence of any strong demand. The demand for red chilli is low and the offtake was of just 20000 bags. Buyers are mainly opting for the premium quality, which is traded at a premium of around Rs 500 to the medium grade. Around 40 percent sellers were traders and the remaining were farmers. Weather is a matter of serious concern as sowing is being affected by poor downpour. If it doesn't improve, some farmers might require re-sowing of the crop, which would result in delayed crop. Some others might also switch to the other crops, in that case quantum of increase in acreage expected this year, would become questionable. It requires water for germination of seeds. The prices are expected to remain range bound.

FUTURES MARKETS:

Chilli futures at the NCDEX further declined today on bearish sentiments in the spot markets. August contract opened at Rs 4801 and thereafter declined to a low of Rs. 4755 a quintal and closed this lowest level of the day. The total number of volumes traded diminished to 6405 MT's.

PRICE DRIVERS:

Bullish:

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

Bearish:

1. Comfortable stock position

Weather:

Rain/thundershowers are likely at many places over Coastal Karnataka and Andaman and Nicobar islands and isolated over the rest region. Rains will be beneficial for rainfed chilli crop.

TECHNICALS

Candlesticks are showing some weakness in the prices. Stochastic is bearish in oversold region, which might be a bit concerning for bears. MACD is flat in negative zone. The prices are most likely to remain range bound.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX August	4705	4658	4849	4874

TRADE RECOMMENDATION:

Sell below 4780 targeting 4715 with a strict stop loss of 4810. 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	50000-60000
	LCA 334 (loose) Non Cold Storage NA	

JEERA (Cumin)

SPOT MARKETS

Firmness in Jeera markets remained intact today and the prices were on the higher side, thanks to the supportive demand for the commodity in both domestic and international markets. Demand is expected to remain good at the stage 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. Further, harvesting in turkey (delayed) is expected to complete by August. The traders from North Indian markets are expecting consumption demand to increase due to festival season. The prices might rule firm for few days.

FUTURES MARKETS:

Jeera August futures at NCDEX traded firm today. The contract opened firm at Rs 7311 and the prices moved upto a high of Rs. 7450 a quintal. The days trading ended in green at Rs. 7419.60 a quintal. The total volumes traded during the session augmented to 6942 MT's.

PRICE DRIVERS:

Bullish:

1. Short crop in other major producing nations
2. Syria crop of inferior quality
2. Low carry over stocks in Turkey and Syria
3. Improvement in domestic and export demand

Weather: Rain/thundershowers are likely at many places over Madhya Maharashtra and at a few places over Gujarat, East Rajasthan and Marathwada and isolated over the rest region. Weather is not a matter of much concern as harvesting is complete and however rains might affect arrivals of the commodity in the market.

TECHNICALS

Candlesticks are bullish sentiments in the market. Stochastic is bullish in neutral region. MACD is in positive region. The prices might show volatile movements with bullish bias.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX August	7332	7274	7505	7562

TRADE RECOMMENDATION:

Buy above 7460 with target of 7550 and then 9590 with a strict stop loss at 7411. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.		Arrivals (Bags)
Unjha	F.A.Q	1450- 1500	5000
	Ganesh	1510 - 1520	
	Machine Cleaned	1610 - 1820	

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