

## SPICES DAILY

August 05, 2006

### TURMERIC

#### SPOT MARKETS

Turmeric trading at most of the major market lacked lustre. Erode market remained closed today in celebration of a local festival. The market will reopen on Tuesday. Nizamabad and adjoining areas saw heavy rains by reason of which market did not see any trading. Erode market has a hefty stock of 6-7 lakh bags of turmeric and Nizamabad market has a stock of around 2.75 lakh bags of turmeric. According to trading sources turmeric crop might incur slight loss in Lankalu district in Duggirala as the area got filled with excess water on overflow from Dam. However the extent of damage is less as the area contributes less to the total turmeric production. Recent rains proved beneficial for cultivation of crop. The traders are expecting demand to improve in coming days. The prices might remain range bound to slightly firm.

#### FUTURES MARKETS:

Turmeric futures at the NCDEX recovered sharply after witnessing bearish sentiments in the early trade. NCDEX August futures contract opened firm at Rs. 2498 a quintal as against previous close of Rs. 2509 a quintal. The prices thereafter surged to Rs. 2540 a quintal and settled in bullish at Rs. 2514 a quintal. The number of volumes traded augmented to 10600 MT's.

#### PRICE DRIVERS:

##### Bearish:

1. Increased Acreage
2. Hefty stock

##### Bullish:

1. Improving domestic demand
2. Slight Export Demand

**Weather:** Rain/thundershowers are likely at most places over Telangana; at many places over north Coastal Andhra Pradesh, Coastal & North Interior Karnataka, and at a few places over the rest region outside Tamil Nadu & Pondicherry where it may be isolated. Decrease in rainfall activity likely over north Coastal Andhra Pradesh and Telangana after 24 hours. Rains in turmeric growing regions might prove beneficial for cultivation of crop.

#### TECHNICALS

Candlesticks are indicating bullish sentiments. Stochastic is in oversold region and MACD is in positive zone. The prices might remain volatile.



#### SUPPORT / RESISTANCES:

| Contract     | S1   | S2   | R1   | R2   |
|--------------|------|------|------|------|
| NCDEX August | 2491 | 2464 | 2547 | 2580 |

#### TRADE RECOMMENDATION:

Buy above 2504 with a target at Rs. 2522 and then 2532 with a strict stop loss at Rs. 2491. Trade cautiously with intra day outlook.

| Centers   | Prices/Qtls.       | Arrivals (Bags) one bag = 90 Kgs. |
|-----------|--------------------|-----------------------------------|
| Nizamabad | Finger 2225 - 2230 | Nil                               |
|           | Gattah 2075 - 2120 |                                   |
| Erode     | Finger Closed      | -                                 |
|           | Gattah Closed      |                                   |

## BLACK PEPPER

### SPOT MARKETS

Black pepper prices at Kochi market remained steady and the market saw arrivals of 20 MT's of pepper. The offtake was of similar quantity. Earlier the prices had earlier reached astronomical high. Most of the producing nations have very low stocks. Exchanges are left with reduced stock. Harvesting in Srilanka, Indonesia and Brazil is in progress. These nations have estimates of poor crop with low carry over stock. Market sources estimate crop of Indonesia to be less by around 25 - 30 percent this season. Vietnam has run short of its stocks and Indonesia has reported to have increased price of its pepper. The domestic demand is expected to increase in near future. Pepper prices might remain range bound in coming days.

### FUTURES MARKETS:

Black pepper prices at NCDEX August futures after witnessing decline in prices for few days on technical correction recovered again today. The contract opened firm at Rs. 10111 a quintal and was lowest at Rs. 9900 and highest at Rs. 10325 during the session. The days trading settled firm at Rs. 10287 a quintal. The total volumes traded declined to 11661 MT's as against previous 20974 MT's.

### PRICE DRIVERS:

#### Bullish:

1. Indian pepper prices competitive in global market
2. Brazil, Indonesia ,Srilanka low crop estimates
3. World Supply Crunch
4. Indonesia increases price

#### Bearish:

1. Brazil, Indonesia and Sri Lanka harvesting continues

#### Weather:

Rain/thundershowers are likely at most places over Telangana; at many places over north Coastal Andhra Pradesh, Coastal & North Interior Karnataka, and at a few places over the rest region outside Tamil Nadu & Pondicherry where it may be isolated. Decrease in rainfall activity likely over north Coastal Andhra Pradesh and Telangana after 24 hours. Rains at this stage will prove beneficial for pepper crop.

### TECHNICALS

Candlesticks are indicating bullish sentiments. MACD is in positive territory, Stochastic is in neutral region. The prices might remain firm during the day.



### SUPPORT / RESISTANCES:

| Contract     | S1   | S2   | R1    | R2    |
|--------------|------|------|-------|-------|
| NCDEX August | 9904 | 9726 | 10649 | 11013 |

### TRADE RECOMMENDATION:

Buy above Rs. 10200 with a target at Rs. 10360 and then 10450 with a strict stop loss at Rs. 10074. Trade cautiously with intra day outlook.

| Centers | Prices/Qtls.   | Arrivals (Tonnes) |
|---------|----------------|-------------------|
| Kochi   | Garbled 10200  | 20                |
|         | Ungarbled 9800 | 20                |

## RED CHILLIES

### SPOT MARKETS

Red chilli prices at Guntur market continued to remain in similar range. The market saw reduced arrivals due to rains in the region. The offtake was of around 50 percent of the total inflow. The market however has hefty stock of around 35 lakh bags of red chillies. The demand for chillies is still low. According to trading sources export demand from Singapore, Malaysia, Srilanka and Bangladesh has been seen. The market has expectation of slight improvement in demand from North India. Seeding and sowing is in progress and rains might prove beneficial for this purpose. The market sources are expecting the acreage to increase this year. The prices are expected to remain steady to range bound for few days.

### FUTURES MARKETS:

Chilli prices at the NCDEX August futures contract continued to trade at lower prices. The contract opened low at Rs. 4771 a quintal and the prices declined to a low of Rs. 4675 a quintal. The days trading ended in red at Rs. 4718 a quintal. The total number of volumes traded increased to 5850 MT's as against previous days 3425 MT's.

### PRICE DRIVERS:

#### Bullish:

1. Low Production
2. Export of commodity
3. Expectation of increase in demand

#### Bearish:

1. Comfortable stock position
2. Weather favorable for sowing
3. Expectation of increased acreage

### Weather:

Rain/thundershowers are likely at most places over Telangana; at many places over north Coastal Andhra Pradesh, Coastal & North Interior Karnataka, and at a few places over the rest region outside Tamil Nadu & Pondicherry where it may be isolated. Decrease in rainfall activity likely over north Coastal Andhra Pradesh and Telangana after 24 hours. Rains will be beneficial for rain fed chilli crop.

### TECHNICALS

Candlesticks are showing bearish sentiments. Stochastic is in neutral region. MACD has made bearish crossover in negative zone. The prices are most likely continue to decline.



### SUPPORT / RESISTANCES:

| Contract     | S1   | S2   | R1   | R2   |
|--------------|------|------|------|------|
| NCDEX August | 4637 | 4564 | 4810 | 4900 |

### TRADE RECOMMENDATION:

Sell below 4740 targeting 4694 and then 4656 with a strict stop loss at 4777. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl.                            | Arrivals (Bags) 1 bag = 40 to 45 Kgs. |
|---------|--|---------------------------------------|
| Guntur  | LCA 334 (loose) Cold Storage 4500-5000 | 20000                                 |
|         | LCA 334 (loose) Non Cold Storage N.A.  |                                       |

## JEERA (Cumin)

### SPOT MARKETS

Jeera prices at Unjha market declined slightly today on slightly decreased demand as the prices reached higher levels previously. The market still saw higher off take than the inflow in the market. According to trading sources, Unjha market has a stock of around 6 - 7 lakh bags of jeera. The demand for the commodity might again recover on international buying interest. Syria and Turkey are short of their normal production there by giving chances of higher exports from India. Also, Geopolitical disturbances in Lebanon are disrupting exports from their thus providing Indian exporters a better chance to cash in greater profits. The traders from North Indian markets are expecting consumption demand to increase due to festival season. The prices might remain range bound to slightly firm for few days.

### FUTURES MARKETS:

Jeera prices at NCDEX August futures contract traded range bound today. The contract opened gap down at Rs 7980 a quintal and thereafter hovered between Rs. 7911 - 8098 a quintal. The days trading settled firm with bullish sentiments at Rs. 8055.80 a quintal. The total volumes traded during the session declined to 4434 MT's as against previous days 5829 MT's. However open interest increased to 4035 MT's.

### PRICE DRIVERS:

#### Bullish:

1. Short crop in other producing nations
2. Syria crop of inferior quality coupled with low carry over stocks in Turkey, Syria
3. Improvement in domestic demand
4. Geopolitical disturbance in Lebanon

**Weather:** Rain/thundershowers are likely at many places Madhya Maharashtra and Marathawada and at a few places over the rest region. increase in rainfall activity likely over Gujarat Region and Madhya Maharashtra during next 2-3 days. Rains might affect arrivals of the commodity in the market.

### TECHNICALS

Candlesticks are indicating bullish sentiments in the market. Stochastic is in neutral region. MACD is in positive zone. The prices might mostly remain firm.



### SUPPORT / RESISTANCES:

| Contract     | S1   | S2   | R1   | R2   |
|--------------|------|------|------|------|
| NCDEX August | 7921 | 7850 | 8151 | 8256 |

### TRADE RECOMMENDATION:

Buy above 8030 with a target of 8108 and then 8140 with a strict stop loss at 7968. Trade cautiously with intra day outlook.

| Centers | Prices/20 Kgs.  |             | Arrivals (Bags) |
|---------|-----------------|-------------|-----------------|
| Unjha   | F.A.Q           | 1520- 1580  | 6000            |
|         | Ganesh          | 1600        |                 |
|         | Machine Cleaned | 1670 - 1820 |                 |

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