

SPICES DAILY

September 26, 2006

TURMERIC

SPOT MARKETS:

Most of the major turmeric trading markets saw decline in prices as the markets witnessed reduced demand from domestic and overseas markets. In Erode market off take reduced to 60 percent of the inflow and the stocks are hefty pressurising the prices. The demand from Eastern parts of India is less due to Navratri festival. Erode market has a hefty stock of around 6-7 lakh bags of turmeric. The buyers at present are from the local markets of Tamil Nadu and Karnataka. The prices in Nizamabad also declined on lack of fresh demand from domestic markets particularly eastern India. The stock in Nizamabad market is sufficient and the traders these days are selling to Madhya Pradesh and Uttar Pradesh. The prices might remain range bound to slightly bearish for a few days.

FUTURES MARKETS:

Turmeric futures traded bearish following Saturdays decline in prices. Turmeric for October delivery on NCDEX opened the day on a weaker note at Rs. 2711 a quintal. The contract then tried to recover but could not sustain day's highest level of Rs. 2725 a quintal. The prices observed a steep fall and dropped to Rs. 2660. The trading in the contract finally settled in red at Rs. 2666 a quintal. Volume numbers increased to 11640 MT as against previous 6440 MT.

PRICE DRIVERS:

Bearish:

1. Comfortable stock position
2. Lack luster demand
3. Crop is healthy , rains proved beneficial for the crop

Bullish:

1. Sellers hesitating to sell at present levels
2. Off season premiums

Weather:

Rain/thundershowers are likely at most places over Kerala, Lakshadweep and Andaman & Nicobar Islands; at many places over Coastal Karnataka and at a few places over the rest region. Weather is suitable for the vegetative growth of the turmeric crop in major growing belts of Andhra Pradesh and Maharashtra.

TECHNICALS

Candlesticks are indicating bearish sentiments in the market. Stochastic has made a bearish crossover in neutral region. MACD is moving southwards in negative zone. Prices closed below EMAs indicating weakness in the market. The contract may see bearish sentiments during the day.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	2647	2625	2685	2706

TRADE RECOMMENDATION:

Sell below 2676 with a target of Rs. 2654 and then 2640 with a strict stop loss at Rs.2692. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 2500-2525	2500
	Gattah 2350	
Erode	Finger 2350-2450	5000
	Gattah 2350-2400	

BLACK PEPPER

SPOT MARKETS

Black pepper prices in Kochi market continued to fall on reports of fresh crop arrivals in Brazil. However Brazil has already sold most of its produce forward. Vietnam and Indonesia have low stocks. In the long-term fundamentals for pepper are still strong as to global supply crunch of the commodity might not let the prices fall steeply. The domestic Kochi market saw arrivals and offtake of similar quantity. The prices are expected to remain steady to range bound for a few days.

FUTURES MARKETS:

Pepper futures extended its previous week losses today. NCDEX October futures contract traded volatile through out the day as the trading in the contract opened at Rs. 14003 and thereafter the prices recovered to the high of Rs. 14298 a quintal. The prices failed to sustain higher levels and due to profit taking the prices declined again to the low of Rs. 13280 per quintal. Trading for the day ended in red with bearish sentiments at Rs. 13334 per quintal. The volumes traded during the session were 22395 MT as against previous days 13400 MT.

PRICE DRIVERS:

Bullish:

1. IPC estimates reduced world pepper production for the year 2006-07.
2. Brazil sold most of its pepper forward
3. Indonesia quotes at higher price

Bearish:

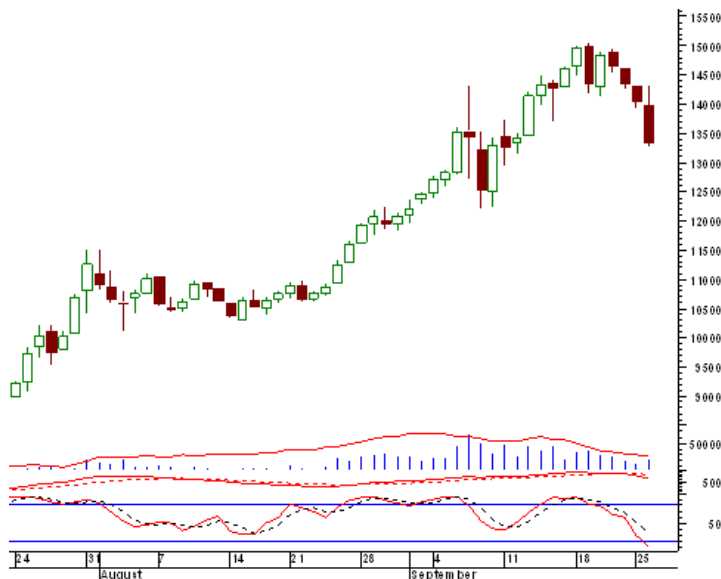
1. Brazil Crop arrives and quotes lower than India
2. China selling white pepper at lower prices, declares possibility of increased production

Weather:

Rain/thundershowers are likely at most places over Kerala, Lakshadweep and Andaman & Nicobar Islands; at many places over Coastal Karnataka and at a few places over the rest region. Pepper vines are bearing fruits and weather is conducive for the crop at the stage.

TECHNICALS

Long black candlestick sows presence of bearish sentiments in the market. MACD has made a bearish crossover in the positive territory; stochastic is bearish in oversold region. Prices closed below moving averages indicating bearishness in prices. The contract is most likely to witness volatile price movements with bearishness on profit taking.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	12963	12820	13564	13988

TRADE RECOMMENDATION:

Sell below Rs.13520 with a target at Rs.13045 and then 12890 with a strict stop loss at Rs. 13865. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Tonnes)
Kochi	Garbled 12800	50
	Ungarbled 12400	

RED CHILLIES

SPOT MARKETS

Guntur market for red chillies saw increase in prices on moderate export demand and reducing arrivals due to less stock. The export demand is from Sri Lanka, Malaysia and Bangladesh. The domestic demand is low as the offtake is just 60 - 70 percent of arrivals. The buyers particularly processors are showing interest in inferior quality of chilli. The domestic demand is low and is likely to pick up pace in coming days. According to market sources the stock of red chillies in the market is around 15 lakh bags. Recent rains have helped in better growth of crop however chilli crop arrivals might delay. The prices are expected to remain range bound to slightly firm in coming days.

FUTURES MARKETS:

Chilli prices on the NCDEX continued to decline after trading firm during most of the trading hours. Chilli October contract opened high at Rs. 6189 and surged to Rs. 6189 a quintal. However due to selling the prices declined to Rs. 5983 and settled in red at Rs. 6018. Volumes numbers increased to 17360 MT as against previous days 13650 MT.

PRICE DRIVERS:

Bullish:

1. Low arrivals
2. Depleting stocks
3. Moderate Exports
4. Crop might delay

Bearish:

1. Inferior Quality stock in exchange
2. Low domestic demand
3. Rains prove beneficial for growth of crop
4. Forthcoming crop is expected good due to higher acreage

Weather:

Rain/thundershowers are likely at most places over Kerala, Lakshadweep and Andaman & Nicobar Islands; at many places over Coastal Karnataka and at a few places over the rest region. Rains might prove beneficial for the crop at this stage.

TECHNICALS

Candlesticks are indicating bearish sentiments in the market. Stochastic has made a bearish crossover in neutral region. MACD is declining and is far away from its signal line. Prices closed below moving averages indicating bearishness in the market. The prices are most likely to remain volatile.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	5985	5916	6099	6211

TRADE RECOMMENDATION:

Sell below 6040 targeting 5985 and then 5948 with a strict stop loss at 6082. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) Cold Storage	6000-6500
	LCA 334 (Bilty)	6500-7000
		10000-15000

JEERA (Cumin)

SPOT MARKETS

Jeera prices in Unjha market declined on reduced domestic demand, rumours of doubt on quality of jeera by international buyers. The off take reduced and was of just 1.5 times the arrivals. Sellers are dominant players in the Jeera market at the stage and are holding the stocks in anticipation of more lucrative prices. Trading sources informed exporters are buying jeera despite low export demand at the moment thus indicating possibility of rise in prices in the near future. The domestic demand from Eastern India is low due to rains and Navratras. Jeera crop might be late this year on account of higher ground moisture levels and any rains might further delay sowing. The prices might trade range bound and recover later.

FUTURES MARKETS:

Jeera prices at the NCDEX slumped today on bearish sentiments in the market. October delivery on the NCDEX witnessed a steep fall in prices due to technical correction in prices coupled with rumor of quality concerns on exportable jeera. The contract opened weak at Rs. 9065 and thereafter the prices slipped lowest to Rs. 8685 a quintal. Trading for the day settled low in red at Rs. 8717 a quintal. The volumes traded increased to 7560 MT against previous trading days 4128 MT.

PRICE DRIVERS:

Bullish:

1. Bargaining power of sellers is higher.
2. Expectation of delay in sowing
3. Reducing stock of jeera

Bearish:

1. Rumors as to cancellation of export orders on quality concerns
2. Reduced domestic demand

Weather:

Rain/thundershowers are likely at a few places over Saurashtra & Kutch and Konkan & Goa and isolated over the rest region outside Rajasthan where weather will be mainly dry. Rains might increase the soil moisture only to delay sowing of the forth-coming crop.

TECHNICALS

Long red filled in candle formed on panic selling on rumor today. Candlesticks are indicating bearish sentiments in the market. Stochastic is bearish in neutral region. However MACD is bearish in positive territory. Prices closed below EMA's, showing bearishness in prices. The contract might see volatile price movements with some further selling.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	8571	8477	8827	8950

TRADE RECOMMENDATION:

Sell below 8750 with a target of 8600 with a strict stop loss at 8868. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1820- 1870
	Ganesh	1770
	Machine Cleaned	1845- 1900

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