

SPICES DAILY

September 23, 2006

TURMERIC

SPOT MARKETS:

Turmeric prices in Erode market continued to trade bearish today on lack of any export demand and reduced domestic demand particularly from the markets of Eastern India. The market has hefty stock of around 6-7 lakh bags of turmeric and offtake has reduced to 60 - 70 percent of inflow. The buyers at present are from the local markets of Tamil Nadu and Karnataka. Nizamabad market remained closed due to Amavasya and the prices are improving there slightly on better domestic demand however market still lacks any fresh export demand. The stock in Nizamabad market is sufficient. The prices might remain range bound to slightly bearish for a few days.

FUTURES MARKETS:

Turmeric futures saw a surge in prices following speculative buying. October contract of Turmeric at the NCDEX opened the session at Rs 2685 a quintal and the first few hours of trade remained dull. Later in the afternoon prices jumped to the high of Rs. 2749 a quintal. The trading for the day ended in green at Rs. 2727 a quintal. The Volumes traded increased to 17670 MT's.

PRICE DRIVERS:

Bearish:

1. Comfortable stock position
2. Increasing arrivals in Erode
3. Absence of Export demand
4. Crop is healthy

Bullish:

1. Expectation of increase in domestic demand on upcoming festivals
2. Off season premiums

Weather:

Rain/thundershowers are likely at many places over Coastal Karnataka, Kerala and Lakshadweep and at a few places over the rest region outside Tamil Nadu and Rayalaseema where it may be isolated. Weather is suitable for the vegetative growth of the turmeric crop in major growing belts of Andhra Pradesh and Maharashtra.

TECHNICALS

Candlesticks are indicating bullish sentiments in the market. Stochastic is bullish in neutral region. MACD has bounced back and rising in negative zone. Prices closed above EMAs indicating strength in the market. The contract may see volatile price movements during the day.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	2705	2682	2746	2759

TRADE RECOMMENDATION:

Sell below 2726 with a target of Rs. 2705 with a strict stop loss at Rs.2742. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.		Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger	Closed	-
	Gattah	Closed	
Erode	Finger	2375-2450	6000 - 7000
	Gattah	2400-2450	

BLACK PEPPER

SPOT MARKETS

Black pepper prices in Kochi market declined today on increased selling as Brazil is selling at lower price and China is reported to have announced its expectation of increased production of white pepper this year. However strong fundamentals as to global supply crunch of the commodity might not let the prices fall steeply. Fresh enquiries are flowing from international markets. The domestic market has expectation of increased demand on upcoming festivals in India. The export demand is also likely to pick up fast in the beginning of October, particularly from UK and Europe. The prices are expected to remain steady to range bound for a few days.

FUTURES MARKETS:

NCDEX October futures contract witnessed bearish sentiments due to profit taking on technical correction in prices. The contract opened low at Rs. 14630 a quintal and thereafter in its efforts to trade firm recovered upto 14640 but could not sustain higher levels and dropped down to Rs. 14280 a quintal. The days trading culminated at Rs. 14375 a quintal. The total volumes traded declined to 19714 MT's.

PRICE DRIVERS:

Bullish:

1. Buyers from Europe and US making fresh enquiries
2. IPC estimates reduced world pepper production for the year 2006-07.
3. India sole current supplier of Black Pepper on decreasing stocks with competitors

Bearish:

1. Brazil quotes lower than India
2. China selling white pepper at lower prices, declares possibility of increased production
3. Brazil crop to arrive in October

Weather:

Rain/thundershowers are likely at many places over Coastal Karnataka, Kerala and Lakshadweep and at a few places over the rest region outside Tamil Nadu and Rayalaseema where it may be isolated. Pepper vines are bearing fruits and weather is conducive for the crop at the stage.

TECHNICALS

Candlesticks are indicating bearish sentiments. MACD has made a bearish crossover with its signal line in the positive territory; stochastic is bearish in neutral region. Prices closed below moving averages indicating bearishness in prices. The contract is most likely to witness volatile price movements with slight bearishness on profit taking.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	14143	13984	14588	14837

TRADE RECOMMENDATION:

Sell below Rs. 14430 with a target at Rs.14225 and then 14148 with a strict stop loss at Rs. 14586. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Tonnes)
Kochi	Garbled 13200	60
	Ungarbled 12800	

RED CHILLIES

SPOT MARKETS

Guntur market for red chillies continued to witness reduced arrivals due to rains. The market saw similar arrivals of 10000 bags of and offtake was only 50 percent of the inflow. The demand reduced on uncertainty in the market due to rains. 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 in coming days.

FUTURES MARKETS:

Chilli futures on the NCDEX continued to trade on higher levels as the October delivery contract opened firm at Rs 6215 and then increased to see the highs of Rs 6255. The prices however failed to sustain higher levels of the day but ended above previous days close at Rs. 6217. Volumes numbers declined to 11915 MT's as against previous days 22590 MTs.

PRICE DRIVERS:

Bullish:

1. Low arrivals
2. Depleting stocks

Bearish:

1. Low domestic demand
2. Forthcoming crop is expected good due to higher acreage

Weather:

Rain/thundershowers are likely at many places over Coastal Karnataka, Kerala and Lakshadweep and at a few places over the rest region outside Tamil Nadu and Rayalaseema where it may be isolated. Rains might prove beneficial for the crop at this stage.

TECHNICALS

Candlesticks are indicating indecision in the market. Stochastic is bullish in neutral region. MACD is showing decreasing bullish momentum and is far away from its signal line. Volumes and open interest both declined. 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	6156	6122	6259	6315

TRADE RECOMMENDATION:

Buy above 6200 targeting 6240 with a strict stop loss at 6170. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) Cold Storage	5800-6300
	LCA 334 (Bilty)	6300-6900
		10000

JEERA (Cumin)

SPOT MARKETS

Jeera prices in Unjha market continued to trade at higher levels on strong fundamentals. Sellers are dominant players in the Jeera market at the stage and are holding the stocks in anticipation of more lucrative prices. The arrivals today were similar quantity of around 3000 bags and offtake was nearly twice the inflow reflecting high demand for the commodity. Export demand is increasing and domestic demand is likely to increase in coming days. Exports these days are being made to Singapore and China. Jeera crop is feared to be late this year on account of higher ground moisture levels and any rains might further delay sowing. The domestic demand is expected to increase on upcoming festivals. The prices might continue to increase for a few days.

FUTURES MARKETS:

NCDEX Jeera futures continued with earlier gains even though trading for the day started slightly low at Rs 9081. The contract then recovered on increased buying interest and the prices touched the levels of Rs. 9166 however the prices failed to remain at those high levels and ended firm at Rs. 9106.30 a quintal. Volumes traded dipped to 7404 MT's.

PRICE DRIVERS:

Bullish:

1. Bargaining power of sellers is higher.
2. Export demand expected to improve
3. High domestic demand particularly from traders
4. Expectation of delay in sowing with reduced acreage
5. reducing tock of jeera

Bearish:

1. Competitors reduced price

Weather:

Rain/thundershowers are likely at many places over Konkan & Goa and south Gujarat; at a few places over Marathwada, Madhya Maharashtra and north Gujarat and isolated over the rest region. Increase in rainfall activity over Gujarat from tomorrow. Rains might increase the soil moisture only to delay sowing of the forth coming crop.

TECHNICALS

Candlesticks are showing indecision in the market sentiments. Stochastic is bullish in overbought region. However MACD is in positive territory. Volumes and open interest both declined. Prices closed above EMA's, showing bullishness in prices. The contract might see volatile price movements with bullish bias.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	9053	8955	9176	9243

TRADE RECOMMENDATION:

Buy above 9090 with a target of 9168 and then 9205 with a strict stop loss at 9030. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1840- 1890
	Ganesh	1790
	Machine Cleaned	1865- 1925

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