

SPICES DAILY

September 27, 2006

TURMERIC

SPOT MARKETS:

Turmeric prices remained steady in Erode market on reduced arrivals and low demand for the commodity particularly from eastern India due to Navratri festival. The market has a stock of around 5-6 lakh bags of turmeric. The buyers at present are from the local markets of Tamil Nadu and Karnataka. Turmeric prices in Nizamabad remained near their earlier levels on lack of fresh demand from domestic markets particularly eastern India. Nizamabad market these days is selling to Madhya Pradesh and Uttar Pradesh. According to trading sources, the market has a stock of 2.4 lakh bags of turmeric (inclusive of NCDEX stock). The prices might remain steady to range bound for a few days.

FUTURES MARKETS:

Turmeric futures continued its southward journey on bearish cues from spot. Turmeric for October delivery on NCDEX opened the day slightly firm at Rs. 2669 a quintal as against previous days close. The contract then tried to recover but could not sustain day's highest level of Rs. 2680 a quintal. The prices slipped lowest to Rs. 2620 a quintal and the days trading ended slightly improved in Red at Rs. 2651. Volume numbers decreased to 8810 MT.

PRICE DRIVERS:

Bearish:

1. Comfortable stock position
2. Lack luster demand

Bullish:

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

Weather:

Rain/thundershowers are likely at many places over Tamil Nadu, Coastal & South Interior Karnataka, Kerala, Lakshadweep and Andaman & Nicobar Islands; and at a few places over the rest region. Increase in rainfall activity over Andhra Pradesh from 28th. 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 with chances of bounce back in prices. Stochastic is bearish in neutral region. MACD is bearish in negative zone. Prices closed below EMAs indicating weakness in the market. The contract may see some recovery in prices.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	2631	2619	2685	2716

TRADE RECOMMENDATION:

Buy above 2645 with a target of Rs. 2675 and then 2685 with a strict stop loss at Rs.2622. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.		Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger	2500-2525	1500-1700
	Gattah	2350	
Erode	Finger	2350-2450	4000
	Gattah	2350-2400	

BLACK PEPPER

SPOT MARKETS

Black pepper prices in Kochi market traded firm despite the reports of fresh crop arrivals in Brazil. The prices improved as Brazil raised the price of its pepper to \$3000 as against previous \$1350 to \$2300 levels. Brazil has already sold most of its produce forward at lower prices and the exporters raised prices for the remaining fresh produce. Vietnam and Indonesia have low stocks. The domestic Kochi market saw arrivals and offtake of similar quantity. Export demand is visible however domestic demand is low. The prices are expected to remain slightly firm for a few days.

FUTURES MARKETS:

Pepper futures traded highly volatile today the prices dipped and thereafter surged by Rs. 1227. NCDEX October futures contract traded volatile today as the contract opened Rs. 100 low at Rs. 13240 as against Mondays close of Rs. 13340 a quintal. The prices moved up to the high of Rs. 13618 and thereafter declined to the low of Rs. 13026 and then again turned green to make the days high of Rs. 14252 a quintal. The trading for the session culminated at Rs. 14092, with volume numbers equal to 35734 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. Brazil increases price of its pepper
4. Indonesia quotes at higher price
5. Low stocks with Vietnam and Indonesia

Bearish:

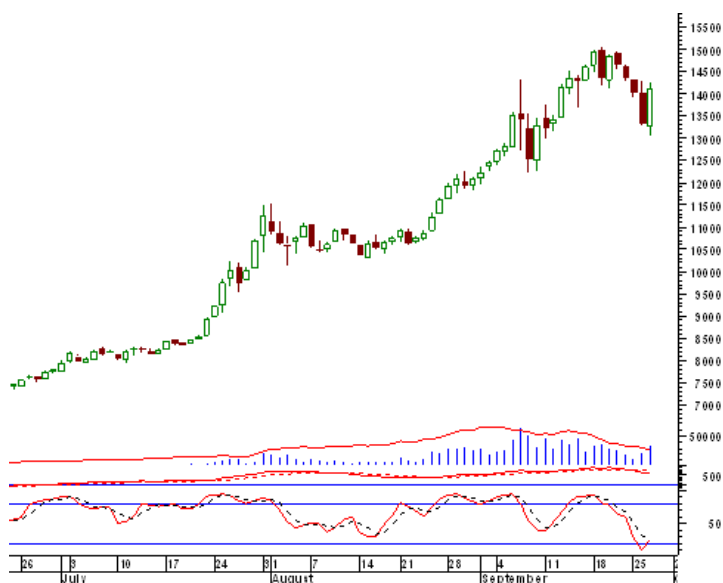
1. Brazil crop arrives
2. China selling white pepper at lower prices, declares possibility of increased production

Weather:

Rain/thundershowers are likely at many places over Tamil Nadu, Coastal & South Interior Karnataka, Kerala, Lakshadweep and Andaman & Nicobar Islands; and at a few places over the rest region. Increase in rainfall activity over Andhra Pradesh from 28th. Pepper vines are bearing fruits and weather is conducive for the crop at the stage.

TECHNICALS

Long green candlestick shows presence of buying interest in the market. MACD is declining in the positive territory; stochastic has made a bullish crossover in neutral region. Prices closed below moving averages indicating bearishness in prices. The contract is most likely to witness volatile price movements with bullish bias.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	13707	13260	14643	14956

TRADE RECOMMENDATION:

Buy above Rs.13940 with a target at Rs.14495 and then 14660 with a strict stop loss at Rs. 13520. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Tonnes)
Kochi	Garbled 12900	50
	Ungarbled 12500	

RED CHILLIES

SPOT MARKETS

Red chillies in Guntur market changed hands at higher prices on fewer arrivals and high demand. The sellers are reluctant at selling at present levels in anticipation of fetching higher prices later. The fundamentals for red chilli are strong as the crop has delayed and is expected to arrive in the markets by February month next year. The stocks of chilli are depleting and some export demand from the markets of Srilanka, Malaysia and Bangladesh is prevailing. The off take is low as the sellers are hesitating to sell current prices. The buyers particularly processors are showing interest in inferior quality of chilli. 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 slightly firm in coming days.

FUTURES MARKETS:

Chilli prices on the NCDEX moved on a bullish note following bullish cues from the spot markets. Chilli October delivery on the NCDEX opened firm at Rs. 6047 and thereafter the prices did not turned behind. The prices bounced up to Rs. 6180 and the trading in the session culminated at Rs. 6103 a quintal. Volumes traded dipped to 12600 MT as against previous days 17360 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. Forthcoming crop is expected good due to higher acreage

Weather:

Rain/thundershowers are likely at many places over Tamil Nadu, Coastal & South Interior Karnataka, Kerala, Lakshadweep and Andaman & Nicobar Islands; and at a few places over the rest region. Increase in rainfall activity over Andhra Pradesh from 28th. Rains might prove beneficial for the crop at this stage.

TECHNICALS

Candlesticks are indicating bullish sentiments in the market. Stochastic is bearish in neutral region. MACD is declining 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	5988	5915	6231	6277

TRADE RECOMMENDATION:

Buy above 6080 targeting 6155 and then 6205 with a strict stop loss at 6020. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) Cold Storage	6500-6900
	LCA 334 (Bilty)	7000-7500
		10000

JEERA (Cumin)

SPOT MARKETS

Jeera prices in Unjha market improved on reduced arrivals and high demand for the commodity. The arrivals declined to 2500 bags as against Mondays 4000 bags and the off take was around 2 - 2.5 times the inflow. Sellers are dominant players in the Jeera market at the stage and are holding the stocks in anticipation of more lucrative prices. Export demand for jeera is still moderate however India these days is selling to Gulf nations and Singapore at \$ 2000 - 2200 offering to US and Europe at higher prices at \$ 2500. Turkey has less stock and is selling to US at \$ 2400. The domestic demand might increase in the near term as markets of Eastern India are expected to purchase after the end of 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 to slightly firm.

FUTURES MARKETS:

After witnessing steep fall in prices on Monday Jeera prices turned indecisive on NCDEX as trading started with bearish sentiments and the prices in October contract during the day hovered between Rs. 8540 - 8800. Trading for the day settled low with indecision in red at Rs. 8692 a quintal. The volumes traded declined to 7365 MT as against previous trading days 7560 MT.

PRICE DRIVERS:

Bullish:

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

Bearish:

1. Turkey quotes lower than India for US markets.

Weather:

Rain/thundershowers are likely at a few places over Konkan & Goa and isolated over Madhya Maharashtra and Gujarat state. Mainly dry weather over the rest region. Rains might increase the soil moisture only to delay sowing of the forth-coming crop.

TECHNICALS

Candlesticks are indicating indecision in the market. Stochastic is bearish in neutral region. MACD is bearish in positive territory and far away from its signal line. Volume nos. and open interest declined. Prices closed below EMA's, showing bearishness in prices. The contract might see volatile price movements with possibility of bounce back in prices.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	8573	8475	8827	8950

TRADE RECOMMENDATION:

Buy above 8656 with a target of 8815 and then 8880 with a strict stop loss at 8560. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1830- 1880
	Ganesh	1780
	Machine Cleaned	1855- 1900

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