

SPICES DAILY

September 21, 2006

TURMERIC

SPOT MARKETS:

Turmeric prices in Erode market traded steady today in the absence of fresh fundamental inputs. The off take was of around 80% of 7000 bags arrivals. The domestic demand for turmeric is good however export demand is slightly subdued at the stage. Most of the turmeric markets have hefty stocks of turmeric. The market is expecting the domestic demand to increase on upcoming festivals. The prices might remain steady to range bound for few days.

FUTURES MARKETS:

Turmeric futures saw volatile movements today negating the firmness in other spices. October contract of Turmeric at NCDEX opened the session weak today at Rs 2682 and initially dipped to see the lows of Rs 2675, however prices then recovered to Rs 2712 levels. The contract finally closed the day at almost no change position at Rs 2688 per qtl. Volumes traded were slightly increased to 9540 MTs.

PRICE DRIVERS:

Bearish:

1. Comfortable stock position
2. Increasing arrivals in Erode
3. Crop is healthy

Bullish:

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

Weather:

Weather is suitable for the vegetative growth of the turmeric crop in major growing belts of Andhra Pradesh and Maharashtra.

TECHNICALS

Turmeric chart portrays weakness in the market. Long upper shadow of candlestick shows higher levels are not sustainable. Stochastic is bullish in oversold region. MACD is bearish in negative zone. Prices closed below EMAs indicating bearishness in the market. The contract may see volatile price movements during the day with bearish inclination.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	2668	2647	2714	2727

TRADE RECOMMENDATION:

Byu above 2675 with a target of Rs. 2708 and then 2725 with a strict stop loss at Rs.2655. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 2600	1500
	Gattah 2400	
Erode	Finger 2400-2450	7000
	Gattah 2450-2500	

BLACK PEPPER

SPOT MARKETS

Black pepper prices in Kochi market continue to enjoy premiums on strong fundamentals. The global supply crunch of the commodity is supporting the higher prices of the commodity.

The domestic market has expectation of increase in end user demand for pepper 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 firm on these count.

FUTURES MARKETS:

Pepper futures at NCDEX recovered most of the losses of previous session today. Pepper for October delivery started the session slightly weak at Rs 14301 and dipped in the opening hour to the lows of Rs 14142. The futures then recovered and never looked back before closing the session at Rs 14855, meanwhile it saw the highs of Rs 14888 per qtl. The day's volumes were slightly down at 29800 MTs

PRICE DRIVERS:

Bullish:

1. Favourable domestic S&D
2. Positive export scenario
3. IPC estimates reduced world pepper production for the year 2006-07.
4. India sole current supplier of Black Pepper on decreasing stocks with competitors

Bearish:

1. Brazil crop to arrive in October

Weather:

Pepper vines are bearing fruits and weather is conducive for the crop at the stage.

TECHNICALS

Candlesticks have formed piercing line pattern, which shows continuation of bullish trend. MACD is flat in the positive territory, whereas, stochastic has made a bearish crossover in overbought region. Prices closed above moving averages indicating bullishness in prices. The contract is most likely to witness firmness in the prices, however, tentativeness at higher levels is likely.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	14628	14344	15090	15359

TRADE RECOMMENDATION:

Buy above Rs. 14780 with a target at Rs.14990 with a strict stop loss at Rs. 14640. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Tonnes)
Kochi	Garbled 13400	25
	Ungarbled 13000	

RED CHILLIES

SPOT MARKETS

Guntur market for red chillies witnessed reduced arrivals today on account of rains there. The prices remained range bound in the lacklustre rain affected market today. The arrivals dipped to 20000 bags and were sold completely. The domestic demand 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. The prices are expected to remain range bound to slightly firm in coming days.

FUTURES MARKETS:

Chilli futures at NCDEX saw some bounce back today. Chilli for October delivery opened steady at Rs 6055 and then dipped slightly to see the lows of Rs 6050. The prices then recovered steadily through out the day and closed the session with some good gains at Rs 6150 per qtl. Meanwhile, the contract saw the highs of Rs 6180. Volumes dipped slightly to 21135 Mts.

PRICE DRIVERS:

Bullish:

1. Improving domestic demand
2. Depleting stocks

Bearish:

1. Forthcoming crop is expected good due to higher acreage

Weather:

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

TECHNICALS

Candlesticks are indicating slight recovery in the prices. Stochastic is in oversold region, however there is still no signal for reversal in the trend. MACD is showing decreasing bullish momentum. 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	6077	6046	6207	6254

TRADE RECOMMENDATION:

Buy above 6150 targeting 6200 and then 6225 with a strict stop loss at 6110. 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	20000
	LCA 334 (Bilty) 5800-6500	

JEERA (Cumin)

SPOT MARKETS

Jeera in Unjha market continues to see lucrative prices on strong fundamentals. Higher international quotes of the commodity are underpinning the prices in domestic markets too. Sellers are dominant players in the Jeera market at the stage and are holding the stocks in anticipation of more lucrative prices. Arrivals of mere 3500 bags were not sufficient to meet the high demand. Exports to the European countries are expected shortly. Stocks are depleting with time, adding to this crop is feared to be late this year on account of higher ground moisture levels. The domestic demand is high on upcoming festivals. The prices might continue to enjoy the higher levels in coming days.

FUTURES MARKETS:

Jeera futures at NCDEX started the day on a firm note, but market quickly turned red to see the lows of Rs 8881. The contract then recovered as buying support came at lower levels and the prices surged to tap the highs of Rs 9098. October Jeera finally closed the day with some good gains at Rs 9045. Volumes traded dipped to 9414 MTs.

PRICE DRIVERS:

Bullish:

1. Bargaining power of sellers is higher.
2. Higher international quotes.
3. Export demand expected to improve
4. Expectation of delay in sowing with reduced acreage

Bearish:

1. Reasonable stock of jeera

Weather:

Rain/thundershowers are likely at many places over a few places over south Gujarat and isolated over rest Gujarat and Rajasthan. 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 neutral region. However MACD is showing decreasing bullish momentum. Volumes and open interest both declined. Prices closed above EMA's, shows trend has turned bullish in medium term. The contract might see volatile price movements with bullish bias.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX October	8925	8873	9182	9256

TRADE RECOMMENDATION:

Buy above 9045 with a target of 9120 and then 9180 with a strict stop loss at 8990. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1800- 1850
	Ganesh	1750
	Machine Cleaned	1825- 1925

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