



# Commodities Daily

The Best Commodities Coverage in India

## SPICES DAILY

October 28, 2006

### TURMERIC

#### SPOT MARKETS:

Turmeric prices declined in most of the major turmeric markets. Erode market saw increased arrivals and the demand remained moderate. Sellers were seen reluctant in selling at low prices but increased arrivals led to a fall in prices. The market has a hefty stock of 6 lakh bags of turmeric. Prices declined in Nizamabad market on low demand for the commodity despite reduced prices. Traders are expecting slight improvement in demand at reduced prices however stockists might enter and push the prices down again. The crop condition is good and recent rains in Tamil Nadu have proved beneficial for the growth of crop however heavy rains might affect crop adversely. Turmeric crop is expected to arrive in the markets from January month. With hefty stocks and low demand for the commodity the prices might remain steady to slightly bearish for a few days.

#### FUTURES MARKETS:

Turmeric prices continued to slip on bearish cues coupled with speculative selling in the market. November delivery contract of turmeric on the NCDEX opened low at Rs. 2145 and thereafter dropped down to create a fresh low of Rs. 2061. The days trading finally closed in red at Rs. 2074 a quintal. Volumes traded during the session increased to 25950 MT as against Thursdays 22660 MT of turmeric.

#### PRICE DRIVERS:

##### Bearish:

1. Comfortable stock position
2. Low demand
3. Good Crop condition
4. New crop to arrive in January

**Bullish:** 1. Demand expected to improve from markets of North India

**Weather:** Rain/thundershowers are likely at many places over Tamil Nadu and South Coastal Andhra Pradesh at a few places over North Coastal Andhra Pradesh, Rayalseema & isolated over the rest region outside North Interior Karnataka, Telangana where weather will be mainly dry. Crop is in rhizome forming stage; heavy rains in turmeric growing belts are not desirable for the turmeric crop at this stage.

#### TECHNICALS

Candlesticks are indicating bearish sentiments in the market. Short duration EMA's are indicating bearishness in the market. MACD is falling steeply and favoring bears. Stochastic has made a bearish crossover in oversold territory. The contract is most likely to see more bearish activities.



#### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX November	2016	1951	2151	2215

#### TRADE RECOMMENDATION:

Sell below 2075 with a target of Rs. 2042 and then 2015 with a strict stop loss at Rs. 2100. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 2150	1500
	Gattah 2050	
Erode	Finger 2250-2350	3000-3500
	Gattah 2220-2300	

## BLACK PEPPER

### SPOT MARKETS

Black pepper prices in Kochi market continued to decline despite lack of fresh arrivals in the market. The prices declined on reports of Brazil selling its pepper at reduced prices moreover sellers disinterest in Marketfeds auction drive prices on a southward journey. The market has low demand for pepper at higher prices and the buyers are willing to buy at reduced prices. Traders are expecting the demand for black pepper is likely to recover from retail end and also international buyers might come up with buying at reduced prices. Vietnam and Indonesia have low inventories India's pepper crop plucking is expected to start by late November. The market might see volatile price movement with bearish inclination unless some fresh orders or enquiries are seen from foreign markets.

### FUTURES MARKETS:

Pepper prices declined sharply on bearish sentiments prevailing in spot markets coupled with speculative selling. NCDEX Pepper November futures contract started weak at Rs. 12250 and thereafter dropped down to the low of Rs. 11320 per quintal. The trading for the day culminated in red and settled bearish at Rs. 11408 per quintal. The volumes traded during the day increased to 12712 MT when compared with Thursdays 6819 MT of pepper.

### PRICE DRIVERS:

#### Bullish:

1. Low stocks with competitors
2. World supply crunch

#### Bearish:

1. New crop harvesting in November
2. Demand at lower prices

### Weather:

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry, Kerala, South Coastal Andhra Pradesh and Lakshadweep & isolated over the rest region outside North Interior Karnataka where weather will be mainly dry. Weather is not much concerning for the maturing pepper crop.

### TECHNICALS

Long dark candlestick is indicating bearish sentiments in the market. The prices closed below 9-day EMA showing bearishness in the market. Stochastic has made a bearish crossover in the neutral region and MACD is running downwards in negative zone. The prices are most likely to be volatile with bearish inclination.



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX November	10856	10508	11886	12349

### TRADE RECOMMENDATION:

Sell below Rs. 11425 with a target at Rs.11152 and then 10985 with a strict stop loss at Rs.11620. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Tonnes)
Kochi	Garbled 11700	Nil
	Ungarbled 11100	

## RED CHILLIES

### SPOT MARKETS

Red chillies prices in Guntur market remained steady to slightly firm on improved demand and nearly similar arrivals in the market. The market saw off take of 12000 - 15000 bags of chillies. Bangladesh proved to be leading buyer in the market; Srilanka and Malaysia are also buying these days. Trading sources are expecting demand to improve. The stock of chillies is depleting day by day but is believed to be sufficient enough to cater domestic needs however increased demand from international markets might result in some sharp decline in inventories. The sources from Madhya Pradesh informed the production in the state might increase by around 5 times to around 30 lakh bags of chillies this year as against last years 6 lakh bags of chillies. Markets still has confusion and fears regarding quality of chillies with the exchange that is not letting the prices to recover. The new crop is delayed and is expected to arrive in February. The prices in spot markets are likely to remain range bound with slightly firm bias.

### FUTURES MARKETS:

Chilli prices continued to move southward on increased selling in the futures market as according to sources the exchange still has inferior quality of chilli. Near month contract of red chillies on the NCDEX extended Thursday's losses to make a fresh low of Rs. 4763 a quintal. The contract started low at 5041 a quintal and thereafter prices dropped down to fresh lows and settled down in red at Rs. 4766. The volume numbers increased to 15080 MT as against Thursdays 14155 MT of chillies.

### PRICE DRIVERS:

#### Bullish:

1. Depleting stocks
2. Delayed Crop
3. Increasing export and domestic demand

#### Bearish:

1. Concerns of availability of inferior quality stock from exchange
2. Forthcoming crop is expected good due to higher acreage

### Weather:

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry, Kerala, South Coastal Andhra Pradesh and Lakshadweep; at a few places over North Coastal Andhra Pradesh and Rayalseema & isolated over the rest region outside North Interior Karnataka and Telangana where weather will be mainly dry. The sources informed rain fed chilli crop requires water at this stage however prolonged rains at this stage might delay the maturity of crop.

### TECHNICALS

Long dark candlestick in a downtrend is reflecting bearish sentiments in the market. Stochastic is bearish in oversold region. MACD is falling steeply in negative territory. Prices closed below 9-EMA reflecting presence of bearish sentiments in the market. Prices are most likely to continue to decline.



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX November	4561	4311	4922	5048

### TRADE RECOMMENDATION:

Sell below 4770 targeting 4645 and then 4610 with a strict stop loss at 4862. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX quality) 5500-6300	20000
	LCA 334 (Bilty) -	

## JEERA (Cumin)

### SPOT MARKETS

Jeera market in Unjha reopened today after a series of holidays in celebration of festivals. The market saw trading at the previous levels on almost similar demand supply scenario. The off take was of around 3-4 times that of inflow and the demand was from domestic markets. According to traders the exporters did not purchase jeera but are expected to come up with fresh demand in coming days. The climate is now suitable for sowing of jeera which is expected to begin from next week onwards. The acreage of jeera is expected to decline in Saurashtra and Gujarat and improve in Rajasthan this year. Trading sources are expecting demand to improve from both domestic and export fronts. Jeera prices might remain range bound and thereafter might improve slightly.

### FUTURES MARKETS:

Jeera prices followed bearish rally of most of the major spices traded on the NCDEX. The prices remained volatile but finally declined in November futures contract. The contract started low at Rs. 8900 and thereafter the prices increased to touch the high of Rs. 9025 and thereafter declined to the lows of 8728 a quintal. The trading for the day settled in red at Rs. 8766 a quintal. Volumes traded during the session decreased to 13431 MT as against previous sessions 14286 MT of jeera.

### PRICE DRIVERS:

#### Bullish:

1. Possibility of reduced acreage.
2. High domestic demand
3. Expectation of improved domestic and export demand.

**Bearish:** 1. Comfortable stock

**Weather:** Mainly dry weather is likely over the region. Climate is suitable for sowing of jeera crop which is likely to begin from next week.

### TECHNICALS

Candle sticks are reflecting bearish sentiments in the market. Stochastic has made a bearish crossover in neutral region. MACD has turned flat in negative zone. Prices closed below 9-EMA indicating bearish sentiments in the market. Volumes numbers and open interest both continued to decrease. The prices are most likely to remain volatile with bearish inclination.



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX November	8661	8501	8902	9061

### TRADE RECOMMENDATION:

Sell below 8785 with a target of Rs. 8685 and then 8635 with a strict stop loss of 8858. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1500-2000
	Ganesh	
	Machine Cleaned	

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>  
© 2005 Indian Agribusiness Systems Pvt Ltd.