

SPICES DAILY

October 11, 2006

TURMERIC

SPOT MARKETS:

Turmeric prices in Erode market continued to decline on low demand for the commodity. The prices fell despite reduced arrivals. Sellers are reluctant in selling the commodity at lower prices. Market still lacks any overseas demand thus maintaining downward movement of prices. Trading sources informed the arrivals might decrease from Wednesday due to elections in the area. The buyers are from UP, Bihar and Punjab and are purchasing around 2000 - 2500 bags of turmeric daily. The market has a hefty stock of around 6 lakh bags of turmeric that is preventing the prices to recover. Slight rains were visible that proved beneficial for growth of turmeric crop. However heavy rains might not be favourable for the growth of turmeric crop at this stage. The prices might remain steady to range bound for a few days.

FUTURES MARKETS:

Turmeric prices on the NCDEX November futures contract bounced back slightly on short covering. The contract started bearish at Rs. 2323 and thereafter the prices recovered on profit booking. The prices surged up to Rs. 2379 thereafter declined to settle with marginal gains at Rs. 2360. The volume traded during the day declined to 13960 MT as against last days 16080 MT.

PRICE DRIVERS:

Bearish:

1. Comfortable stock position
2. Low Export demand
3. Low domestic demand
4. Good Crop condition

Bullish:

1. Reducing arrivals

Weather:

Rain/thundershowers are likely at many places over Coastal Karnataka and Kerala; at a few places over South Interior Karnataka, Tamil Nadu & Pondicherry and isolated over rest region outside Telangana where weather will be mainly dry. Weather is suitable for the vegetative growth of the turmeric crop in major growing belts of Andhra Pradesh and Maharashtra.

TECHNICALS

Candlesticks are indicating possibility of some recovery in prices. The market is witnessing a downtrend of prices these days. Stochastic is flat in oversold region. MACD is bearish in negative zone. The prices closed below EMAs indicating weakness in the market. The contract might see volatile movement of prices.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|----------------|------|------|------|------|
| NCDEX November | 2260 | 2192 | 2389 | 2440 |

TRADE RECOMMENDATION:

Buy above 2354 with a target of Rs. 2384 and then 2402 with a strict stop loss at Rs. 2332. Trade cautiously with intra day outlook.

| Centers | Prices/Qtls. | | Arrivals (Bags) one bag = 90 Kgs. |
|-----------|--------------|-----------|-----------------------------------|
| Nizamabad | Finger | NA | - |
| | Gattah | NA | |
| Erode | Finger | 2250-2325 | 3000 |
| | Gattah | 2250-2300 | |

BLACK PEPPER

SPOT MARKETS

Black pepper prices in Kochi market remained at their previous price level on no major change in S&D scenario. The market witnessed some export enquiries for November and December months as Brazil has increased price of its pepper. The market saw arrival and off take of 30 MT of pepper reflecting some buying interest in the commodity. Indian crop is expected to arrive in the month of November. Vietnam and Brazil stocks are low thus proving favorable for Indian pepper exports. The prices are expected to remain volatile for a few days.

FUTURES MARKETS:

Pepper November delivery futures contract on the NCDEX jumped to open Rs. 111 up as against previous day's close of Rs. 12489 a quintal. The contract started on a bullish note at Rs. 12600 a quintal confirming recovery in prices and thereafter the prices surged to the high of Rs. 12840 a quintal and declined only to end near the days opening at Rs. 12593. The total volumes traded during the session were 18080 MT of pepper.

PRICE DRIVERS:

Bullish:

1. Brazil sold most of its pepper forward
2. Low stocks with Vietnam and Indonesia
3. Enquiries from international markets

Bearish:

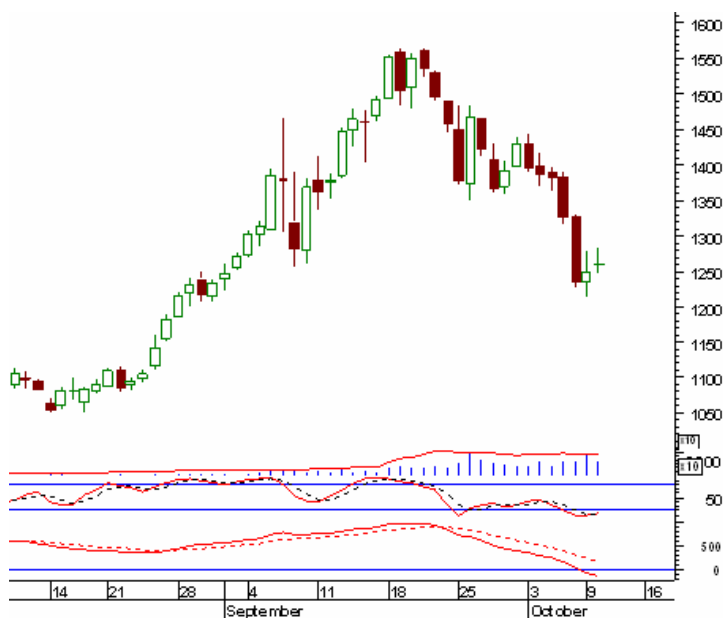
1. Brazil crop arrives
2. Brazil increase prices

Weather:

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, Coastal Karnataka and Kerala; at a few places over South Interior Karnataka, Tamil Nadu & Pondicherry and Lakshadweep and isolated over the rest region outside Telangana where weather will be mainly dry. Weather is conducive for the crop at the stage.

TECHNICALS

Candlesticks are indicating indecision in the market. Close below 9-day EMA shows bearishness is prevailing in the market. MACD continue to run down in the negative region. Stochastic has made a bullish crossover in oversold region. The contract is most likely to witness volatile movement of prices.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|----------------|-------|-------|-------|-------|
| NCDEX November | 12142 | 11825 | 13030 | 13258 |

TRADE RECOMMENDATION:

Buy above Rs. 12550 with a target at Rs.12795 and then 13015 with a strict stop loss at Rs.12360. Trade cautiously with intra day outlook.

| Centers | Prices/Qtls. | Arrivals (Tonnes) |
|---------|-----------------|-------------------|
| Kochi | Garbled 12000 | 30 |
| | Ungarbled 11600 | |

RED CHILLIES

SPOT MARKETS

Red chilli prices in Guntur market continued to decline due to low demand for the commodity. According to trading sources buyers from exchange are selling inferior quality of chilli in the market at very low rates thus hampering the prices in domestic markets. The off take was just 20 - 30 percent of arrivals thus indicating lack of demand in the market. Traders estimate the market has a low stock of around 14 - 15 lakh bags of chillies. The crop has delayed due to rains and is expected to arrive in the markets by mid of February next year. The prices are expected to remain range bound to slightly bearish on lack of demand for a few days.

FUTURES MARKETS:

Chilli November delivery on the NCDEX plunged on bearish cues from spot along with speculative selling. The prices are declining on unconfirmed reports of inferior quality of commodity kept in the exchange. The contract opened bearish at 5600 and thereafter the prices tried to recover and touched the highest level of Rs. 5667 and then dropped down to Rs. 5330 to end in red and settle at Rs. 5368. The volumes traded during the day increased to 29365 MT as against previous days 17995 MT.

PRICE DRIVERS:

Bullish:

1. Depleting stocks
2. Delayed Crop

Bearish:

1. No Exports and sluggish domestic demand
2. Unconfirmed reports of inferior quality stock in exchange
3. Climate favorable for growth of crop
4. Forthcoming crop is expected good due to higher acreage

Weather:

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, Coastal Karnataka and Kerala; at a few places over South Interior Karnataka, Tamil Nadu & Pondicherry and Lakshadweep and isolated over the rest region outside Telangana where weather will be mainly dry. Rains might prove beneficial for the crop at this stage.

TECHNICALS

Long filled in Candlesticks are indicating presence of extreme bearish sentiments in the market. MACD is bearish in negative zone; stochastic is bearish in oversold region. Volumes traded and open interest both increased and 9-EMA is supporting bears. The prices are most likely to be volatile with bearish inclination.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|----------------|------|------|------|------|
| NCDEX November | 5256 | 5162 | 5464 | 5604 |

TRADE RECOMMENDATION:

Sell below 5400 targeting 5290 and then 5226 with a strict stop loss at 5482. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl. | Arrivals (Bags) 1 bag = 40 to 45 Kgs. |
|---------|--|---------------------------------------|
| Guntur | LCA 334 (loose) Cold Storage 5600-6600 | 20000 - 25000 |
| | LCA 334 (Bilty) NA | |

JEERA (Cumin)

SPOT MARKETS

Jeera prices in Unjha market recovered slightly on improved domestic demand for the commodity. The market still lacks any export demand. The off take was of 5000 bags of jeera indicating presence of buying interest. Exporters are expecting some international demand particularly from Singapore, Bangladesh and US might be seen by the end of the month. Jeera crop might delay this year on account of high ground moisture levels and any rains might further delay sowing. Sowing of jeera is expected to begin in November as the climate is not suitable for sowing at present. Cultivators are shifting towards crops like chana, garlic, isabgol and cotton this year, therefore acreage for jeera might decline this year. The prices might trade consolidate and remain range bound for a few days.

FUTURES MARKETS:

Jeera prices on the NCDEX futures market recovered slightly on bullish cues from domestic spot markets coupled with short covering activity. November contract started on a bullish note at Rs. 8379 a quintal. Thereafter the prices bounced back up to Rs. 8563 a quintal and finally settled in green with moderate gains at Rs. 8451. Total volumes traded during the session declined to 11952 MT.

PRICE DRIVERS:

Bullish:

1. Expectation of delay in sowing with possibility of reduced acreage
2. Climate unsuitable for sowing
3. Improving domestic demand

Bearish:

1. No Export demand

Weather:

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

TECHNICALS

Jeera market witnessed slight bounce in prices. Candlesticks are indicating chances of recovery and waiting for confirmation of the same. Stochastic is likely to make a bullish crossover in oversold region. EMA pattern is indicating bearishness and MACD is far away from its signal line in negative zone. The contract is most likely to witness volatile price movements with chances of recovery.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|----------------|------|------|------|------|
| NCDEX November | 8314 | 8212 | 8555 | 8706 |

TRADE RECOMMENDATION:

Buy above 8445 with a target of 8555 and then 8645 with a strict stop loss at 8358. Trade cautiously with intra day outlook.

| Centers | Prices/20 Kgs. | Arrivals (Bags) 1 bag = 55 to 60 Kgs. |
|---------|-----------------|---------------------------------------|
| Unjha | F.A.Q | 1640 -1760 |
| | Ganesh | 1740 |
| | Machine Cleaned | 1760- 1860 |

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