

SPICES DAILY

December 01, 2006

TURMERIC

SPOT MARKETS:

Domestic turmeric markets extended previous weakness further during Thursday's trade. It was offered lower by Rs. 25-50 per quintal amidst lack of any significant demand in the market. However, prices remain steady in Erode markets. Arrivals were lower in Nizamabad as well as Erode markets, signifying lacklustre trade at lower price levels. Acreage under turmeric in Tamil Nadu has increased during this year. However, the new crop arrivals are only likely during late January. With comfortable stock position in the market, prices are unlikely to witness any major changes in the near future. However, prices may witness some weakness on lower demand at present.

FUTURES MARKETS:

Turmeric futures at NCDEX opened lower than previous settlement and most-active December contract tested an intraday high of Rs. 2018 during opening session. Increased selling interest has pressurised the futures thereafter and the futures traded downwards for the rest of the session. December contract tested a fresh contract month low of Rs. 1945 and finished in negative territory. December contract traded in the range of Rs. 1945-2018 during Thursday's trade.

PRICE DRIVERS:

Bearish:

1. Comfortable stock of turmeric in the market
2. New crop to arrive only during late January
3. Weather suitable for growth of crop

Bullish:

1. Moderate demand at the lower price tags
2. Demand expected to improve from North India owing to winter season

Weather:

Isolated rainfalls are likely at few places over the turmeric producing region. Heavy incessant rains in turmeric growing belts are not desirable for the crop at this stage.

TECHNICALS

Candlesticks pattern indicates steady to weak opening and initial downtrend. Stochastic are moving downwards in the oversold region, hinting further downtrend. MACD is also moving downwards in the negative territory. Prices closed well below the 9-day as well as 18-day EMA, hinting weak prices in short-term. Volume has increased, while open interest has declined. Turmeric futures are likely to trade moderately downward following a steady to weak opening with possibility of late upward movement.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| NCDEX December | 1875 | 1910 | 1960 | 1992 | 2031 |

TRADE RECOMMENDATION:

Sell near Rs. 1960 with a target of Rs. 1950 and then Rs. 1940 with a strict stop loss at Rs. 1970. Trade cautiously with intra day outlook.

| Centers | Prices/Qtls. | Arrivals (Bags) one bag = 90 Kgs. |
|-----------|------------------|-----------------------------------|
| Nizamabad | Finger 2025 | 300-400 |
| | Gattah 1950 | |
| Erode | Finger 2150-2200 | 4000 |
| | Gattah 2100-2150 | |

BLACK PEPPER

SPOT MARKETS

Domestic black pepper market extended previous weakness further on Thursday. It was quoted lower by Rs. 100 per quintal amidst no arrival and offtake. Domestic pepper crop has delayed this season and likely to hit the market even beyond the earlier expected late December to early January. Domestic production is expected to fall by around 30 percent in this season. Meanwhile, pepper export has increased by 54 percent to 13825 tonne during April-Oct of current financial year. Pepper prices are likely to improve in the near future from the recent downfall. However, prices may consolidate at the lower levels in short-term.

FUTURES MARKETS:

Black pepper futures at NCDEX opened higher than previous settlement and the most-active December contract tested a high of Rs. 11110 amidst rangebound trade during early hours. The futures slide on increased speculative selling during late hours and tested a 2-week low of Rs. 10500. Most active December contract traded in the range of Rs. 10500-11110 during Thursday's trade.

PRICE DRIVERS:

Bullish:

1. Pepper export has increased by 54 percent during April-October 2006-07
2. Indian pepper remains competitive in international market
3. Low stocks with competitors, lower global production
4. Total quantum of import of pepper under Indo-Sri Lanka Free Trade Agreement is restricted to 2500 Mt per annum

Bearish:

1. New crop arrivals likely during end-December to mid January
2. Lower demand at the higher price levels

Weather:

Isolated rain/thundershowers are likely at few places over the pepper-growing regions. Rains might delay plucking of maturing pepper crop.

TECHNICALS

Candlesticks pattern indicates steady opening and some initial downtrend. Stochastic is moving slightly downwards in the normal region. MACD is moving downwards in the positive territory. Prices closed below the 9-day as well as 18-day EMA, hinting weak prices in short-term. Volume has increased, while open interest remained lower as compared to previous settlement. Black pepper futures are likely to trade rangebound following a steady opening with possibility of some upward movement.

Pepper 0612(NCPEPZ6)2006/11/30 - Daily

O 10934.00 H 11108.00 L 10501.00 C 10648.00 V 11,788 I 10,254 -287

EMA(9) 11055 (18) 11075



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|-------|-------|-------|-------|-------|
| NCDEX December | 10025 | 10250 | 10648 | 11039 | 11265 |

TRADE RECOMMENDATION:

Buy near Rs. 10500-10550 with a target at Rs. 10700 and then Rs. 10750 with a strict stop loss at Rs.10375. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl. | | Arrivals (Tonnes) |
|---------|-------------|-------|-------------------|
| Kochi | Garbled | 10800 | Nil |
| | Ungarbled | 10200 | |

RED CHILLIES

SPOT MARKETS

Domestic red chillies market witnessed firm sentiment during Thursday's trade. It was quoted in a higher range in Guntur owing to improved demand, despite slightly higher arrivals in the market. Demand for better quality chilli is also likely to improve in the near future. Red chilli crop is delayed and is expected to arrive only in the month of February next year. Production of red chillies during this year is expected at the higher side. India has exported 66250 tonne of chilli during April-Oct 2006-07 as compared to 70540 tonne during the same period last year. However, in value terms it has increased to Rs. 327 crore from Rs. 237.44 crore. Red chillies prices are likely to improve in the coming days owing to its favourable fundamentals.

FUTURES MARKETS:

Chilli futures at the NCDEX opened lower than previous settlement and most-active December contract tested an intraday low of Rs. 6701 at the opening session. Increased buying interest has supported the futures thereafter and the December contract surged up to test an intraday high of Rs. 6911 in late action, just short of its contract month high. December contract traded in the range of Rs. 6701-6911 during Thursday's trade.

PRICE DRIVERS:

Bullish:

1. Delayed crop to arrive only during February
2. Higher demand for better quality of red chillies

Bearish:

1. Lower demand at the higher price levels
2. Forthcoming crop is expected good due to higher acreage

Weather:

Isolated rain/thundershowers are likely at few places over the chilli growing regions. Prolonged rains at this stage might delay the maturity of crop as well as harvesting.

TECHNICALS

Candlesticks pattern indicates firm opening and initial uptrend. Stochastic are moving slightly upwards in the overbought region. MACD is moving slightly upwards in the positive territory. Prices closed far above 9-day as well as 18-day EMA, supporting the firm prices. Volume has declined, while open interest has increased as compared to previous settlement. Red chillies futures are likely to trade upwards following a firm opening. However, a downward technical correction is expected in near future.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| NCDEX December | 6566 | 6711 | 6910 | 7059 | 7162 |

TRADE RECOMMENDATION:

Buy near Rs. 6900-6910 targeting Rs. 6950 and then Rs. 6999 with a strict stop loss at Rs. 6850. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl. | Arrivals (Bags) 1 bag = 40 to 45 Kgs. |
|---------|---|---------------------------------------|
| Guntur | LCA 334 (loose) (NCDEX quality) 6800-7500 | 15000 |
| | LCA 334 (Bilty) 7800-8200 | |

JEERA (Cumin)

SPOT MARKETS

Domestic jeera market remains firm amidst improved demand in Unjha markets. It was quoted higher by Rs. 10-15 per 20 kg amidst steady arrival and offtake. Sowing of jeera is going on in Gujarat and traders are eyeing details of sowing report for future trend in jeera market. Preliminary reports suggest decline in acreage under jeera in Gujarat. However, acreage may increase in Rajasthan. Cumin export has registered a 254 percent increase in quantity at 18500 tonne during April-Oct 2006-07 as compared to 5223 tonne during the same period last year. Jeera prices are likely to improve in the near future.

FUTURES MARKETS:

Jeera futures at the NCDEX opened higher than previous settlement and the most-active December contract tested an intraday high of Rs. 8580 at the early hours of trade. The futures traded downwards thereafter on increased selling interest and December contract tested an intraday low of Rs. 8455. However, the futures retraced back again on increased buying interest at lower price levels and finish with marginal gains. December contract traded in the range of Rs. 8455-8580 during Thursday's trade.

PRICE DRIVERS:

Bullish:

1. Anticipation of lower acreage in Gujarat
2. Cumin export has increased by 254 percent during April-October 2006-07
3. Improving domestic demand at the lower price tags

Bearish:

1. Sowing of jeera begins in the country
2. Comfortable stock position

Weather:

Mainly dry weather is likely over the jeera producing region. Climate is suitable for sowing of jeera crop, which is in progress in Gujarat.

TECHNICALS

Candlestick pattern is indicating steady to firm opening and initial uptrend. Stochastic is moving downwards in the normal region, hinting further downtrend. MACD is moving flat in the positive territory. Prices closed below 9-day as well as 18-day EMA, hinting weak prices. Volume as well as open interest has declined. Jeera futures are likely to trade moderately upwards following a steady to firm opening.

JEERA 0612(NCJEEZ6)2006/11/30 - Daily

O 8512.10 H 8580.00 L 8455.00 C 8515.00 V 4,617 I 14,226 +7.4

EMA(9) 8552.6 (18) 8560.8



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| NCDEX December | 8297 | 8405 | 8515 | 8665 | 8783 |

TRADE RECOMMENDATION:

Buy near Rs. 8500 with a target of Rs. 8575 and then Rs. 8625 with a strict stop loss of Rs. 8440. Trade cautiously with intra day outlook.

| Centers | Prices/20 Kgs. | Arrivals (Bags) 1 bag = 55 to 60 Kgs. |
|---------|-----------------|---------------------------------------|
| Unjha | F.A.Q | 1550-1700 |
| | Ganesh | 1735-1785 |
| | Machine Cleaned | 1845-1945 |

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