

SPICES DAILY

December 06, 2006

TURMERIC

SPOT MARKETS:

Domestic turmeric markets remains mostly stable during Tuesday's trade. It was quoted unchanged in Erode amidst steady arrivals as well as offtake. However, in Nizamabad prices quoted higher on reduced arrivals and improved demands. Market remains under pressure on higher acreage under turmeric this year in Tamil Nadu. Fresh crop arrivals are expected to hit the market during late January. However, market stock position is reported to be comfortable enough to offset the delay in the fresh crop arrivals. Domestic turmeric markets are unlikely to witness any significant change in the near future. However, with a short-term outlook, prices may exhibit some consolidation.

FUTURES MARKETS:

Turmeric futures at NCDEX opened lower than previous settlement and most-active April contract tested an intraday low of Rs. 2068 at the early hours of trade. The futures traded mostly upwards thereafter on increased buying support at the lower price levels and tested an intraday high of Rs. 2095 before finishing near the highs. April contract traded in the range of Rs. 2068-2095 during Tuesday's trade.

PRICE DRIVERS:

Bearish:

1. Comfortable stock of turmeric in the market
2. New crop to arrive 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:

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 firm opening and initial uptrend. Stochastic has made a bullish crossover in the oversold region, hinting further uptrend. MACD is moving slightly downwards in the negative territory. Prices closed below the 9-day as well as 18-day EMA, hinting weak prices in short-term. Volume as well as open interest has declined. Turmeric futures are likely to trade upward following a steady to firm opening with possibility of some downward movement later.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	2040	2061	2091	2125	2146

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 2080-2090 with a target of Rs. 2105 and then Rs. 2110 with a strict stop loss at Rs. 2065. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 2025-2050	400
	Gattah 1950-1975	
Erode	Finger 2075-2150	4000-4500
	Gattah 2050-2125	

BLACK PEPPER

SPOT MARKETS

Black pepper eased further during Tuesday's trade in Kochi markets. It was quoted lower by Rs. 100 per quintal amidst arrival as well as offtake of 4 Mt. The market remains under pressure amidst talks of some fresh crop arrivals. The Government notification that the total quantum of import of pepper under Indo-Sri Lanka Free Trade Agreement shall be restricted to 2500 MT per annum supported the market sentiments earlier during the last week. However, prices come under pressure on talks of early harvest in Vietnam. Moreover, international buyers are also seemed to be sidelined after some strong buying in the recent past. Prices are likely to improve in near future from the recent downfall, though may witness some weakness in coming few days.

FUTURES MARKETS:

Black pepper futures at NCDEX opened lower than previous settlement and the most-active January contract tested a high of Rs. 10525 at the early hours of trade. The futures traded mostly downwards thereafter on increased selling interest and tested a low of Rs. 10130 during late hours of trading before finishing in negative territory. Most active January contract traded in the range of Rs. 10130-10525 during Tuesday's trade.

PRICE DRIVERS:

Bullish:

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

Bearish:

1. Talks of some fresh crop arrivals in the market
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 to weak opening and initial downtrend. Stochastic is moving downwards and the %K-line has just entered the oversold region, hinting further downtrend. MACD is moving downwards in the negative territory. Prices closed below the 9-day as well as 18-day EMA, hinting weak prices in short-term. Volume as well as open interest has increased as compared to previous settlement. Black pepper futures are likely to trade downward following a steady to weak opening with possibility of some upward movement later.

Pepper 0701(NCPEPF7)2006/12/05 - Daily

O 10551.00 H 10551.00 L 10130.00 C 10280.00 V 16,069 I 11,283 -220

EMA(9) 10847 (18) 11045



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	9729	10005	10280	10479	10716

TRADE RECOMMENDATION:

Sell NCDEX January Pepper near Rs. 10350-10400 with a target at Rs. 10200 and then Rs. 10100 with a strict stop loss at Rs.10550. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Tonnes)
Kochi	Garbled	10400	4
	Ungarbled	9800	

RED CHILLIES

SPOT MARKETS

Domestic red chillies market extended previous weakness further during Tuesday's trade. It was offered at a lower price in Guntur markets. The market sentiment turned bearish on reports of some fresh crop arrivals in the market. Domestic 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 witness some bearish trend in the short-term.

FUTURES MARKETS:

Chilli futures at the NCDEX opened much lower than previous settlement and extended the weakness further. Most-active December contract tested an intraday low of Rs. 6161 at the opening session. However, the futures retraced back on increased buying support at lower price levels and tested an intraday high of Rs. 6450. December contract traded in the range of Rs. 6161-6450 during Tuesday's trade.

PRICE DRIVERS:

Bullish:

1. Domestic crop arrival to pick up 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
3. Talks of some fresh crop arrivals in the market

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 steady opening and initial uptrend. Stochastic are moving downwards and the %K-line has just entered the normal region, hinting further downtrend. MACD is also moving downwards in the positive territory. Prices closed below 9-day EMA, supporting the short-term weakness. Volume as well as open interest has increased as compared to previous settlement. Red chillies futures are likely to trade moderately upwards following a steady opening initially and downward thereafter.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX December	5979	6117	6400	6611	6749

TRADE RECOMMENDATION:

Sell NCDEX December Chilli near Rs. 6475-6500 targeting Rs. 6350 and then Rs. 6300 with a strict stop loss at Rs. 6600. Trade cautiously with intra day outlook.

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

JEERA (Cumin)

SPOT MARKETS

Domestic jeera market continues to stable during Tuesday's trade. It was quoted on an average unchanged amidst steady arrivals as well as offtake. Sowing of jeera is going on in full swing 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. Jeera 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. Amidst such favourable fundamentals, 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 January contract tested an intraday high of Rs. 8693 at the opening session. The futures traded mostly downward thereafter on increased selling interest. January contract tested an intraday low of Rs. 8515 during late hours of trading and finished in negative territory. January contract traded in the range of Rs. 8515-8693 during Tuesday'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 going on 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 weak opening and initial downtrend. Stochastic is moving downwards in the normal region, hinting further downtrend. MACD is moving downwards in the negative territory. Prices closed below 9-day as well as 18-day EMA, hinting weak prices. Volume has increased, while open interest has declined. Jeera futures are likely to trade moderately downwards following a steady to weak opening with possibility of some late upward movement.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	8352	8435	8565	8625	8696

TRADE RECOMMENDATION:

Sell NCDEX January Jeera near Rs. 8575 with a target of Rs. 8525 and then Rs. 8475 with a strict stop loss of Rs. 8625. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.		Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1560-1710	1500-1600
	Ganesh	1750-1800	
	Machine Cleaned	1850-1950	

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