

SPICES DAILY

December 07, 2006

TURMERIC

SPOT MARKETS

Domestic turmeric markets remained mostly steady during Wednesday's trade. It was quoted unchanged in Nizamabad despite slight increase in arrivals. However, in Erode market the prices eased slightly on higher arrivals. The prices are under continuous pressure on higher acreage and healthy stocks of Turmeric. 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 surge in prices in the near future.

FUTURES MARKETS:

Turmeric futures at the NCDEX traded volatile and mostly firm today. NCDEX August futures contract jumped to open firm at Rs. 2573 a quintal and traded in the range of Rs. 2604 - 2555 a quintal. The prices could not sustain at higher levels and settled at Rs. 2578 a quintal. The number of volumes traded almost doubled to 12110 MT's as against previous 6350 MT's.

PRICE DRIVERS:

Bearish:

1. Comfortable stocks of turmeric in the market
2. New crop to arrive the market by January
3. Healthy weather for crop

Bullish:

1. Moderate demand at lower prices
2. Demand to improve from North India in winter season

Weather: Rain/thundershowers are likely at many places over Coastal Karnataka and Andaman Islands and at a few places over the rest region outside Tamil Nadu & Pondicherry where it may be isolated. Rains in turmeric growing regions might prove beneficial for sowing and cultivation of crop.

TECHNICALS

Turmeric is in a consolidation mode for the past 5 sessions after the big slide from 2300 to the 2060 levels. The 2110 levels should offer stiff resistance, since it had supported the earlier consolidation period. 2160 would offer more stiff resistance if the 2110 levels are pierced. However, until a decisive move out of the 2060-2110 band, prices are likely to remain sideways. Hourly charts show rising accumulation, indicating the bottom might be near.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX April	2072	2058	2104	2118

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near 2070 targeting 2090 and then 2102. Put stop loss at 2062.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 2050	700
	Gattah 1950	
Erode	Finger 2085-2100	6000-6500
	Gattah 2025-2075	

BLACK PEPPER

SPOT MARKETS

Black pepper eased further during Wednesday's trade in Kochi markets. It was quoted lower by Rs. 100 per quintal amidst arrival as well as offtake of 3 Mt. The market is witnessing sporadic small arrivals of fresh crop. 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 are witnessing slight bounce back today after witnessing sharp correction for last seven sessions. Black pepper January futures at NCDEX opened firm at Rs 10290 against previous close of Rs 10264 and then prices surged to the highs of Rs 10430. However, lack of fundamental support caused a sharp fall in the price. The contract closed the session with moderate losses at Rs 10199 a quintal. The volumes traded remained on the weaker side at 11939MT.

PRICE DRIVERS:

Bullish:

1. Pepper import from Sri Lanka under FTA restricted to 2500 MT
2. Export demand likely due to attractive prices of Indian pepper
3. Supply Crunch in global market

Bearish:

1. Sporadic small arrivals of fresh crop
2. Lower demand at higher prices

Weather:

Rain/thundershowers are likely at many places over Coastal Karnataka and Andaman Islands and at a few places over the rest region outside Tamil Nadu & Pondicherry where it may be isolated. Rains at this stage will prove beneficial for pepper crop.

TECHNICALS

Pepper remains on a downward journey and failed to hold the short-term support level of 10330. Prices had rebounded from these levels during last month's fall. The candlesticks show indicates possibility of a trend reversal. The RSI and stochastic have fallen into oversold region, but aren't showing any signs of reversing. The MACD and EMA patterns indicate medium term weakness.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX January	10100	10005	10360	10520

TRADE RECOMMENDATION:

Sell NCDEX January Pepper near 10275 targeting 10150 and then 10060, put strict stop loss at 2062.

Centers	Prices/Qtls.	Arrivals (Tonnes)
Kochi	Garbled 10300	4
	Ungarbled 9700	

RED CHILLIES

SPOT MARKETS

Domestic red chillies market continues to witness softer prices. The prices further eased in Guntur market Wednesday. The prices will get support only if the subdued looking export demand improves. 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 until export demand rekindles.

FUTURES MARKETS:

Chilli futures at the NCDEX August contract after an initial downfall traded firm today. The contract opened low at Rs. 4835 a quintal and thereafter prices declined to a low of Rs. 4812 a quintal. The prices recovered to a high of Rs. 4935 and ended in green at Rs. 4882 a quintal. The total number of volumes traded increased to 6925 MT's.

PRICE DRIVERS:

Bullish:

1. Low Production
2. Reduced arrivals due elections
3. Expectation of increase in demand

Bearish:

1. Harvesting in MP continues
2. Production expected to be good this year
3. Lower demand at higher prices

Weather:

Rain/thundershowers are likely at many places over Coastal Karnataka and Andaman Islands and at a few places over the rest region outside Tamil Nadu & Pondicherry where it may be isolated. Rains will be beneficial for rain fed chilli crop.

TECHNICALS

Chilli charts show weakness at higher levels as reflected by the long upper shadow on the candlesticks. The shorter-term oscillators like the Stochastic and RSI are falling in neutral region indicating short-term weakness. The MACD is on the verge of making a bearish crossover, which would signal a bearish trend change. Chilli prices are likely to remain under pressure.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX December	6205	6100	6415	6505

TRADE RECOMMENDATION:

Sell NCDEX December Chilli near 6325 with target of 6230. Second target could be 6150. Put strict stop loss at 6370.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX Quality) 6000-6300	20000
	LCA 334 (Bility) 7000	

JEERA (Cumin)

SPOT MARKETS

Domestic jeera markets saw steady to slightly weak sentiments Wednesday. As export demand for the commodity has weakened these days, domestic demand alone is not enough to trigger the prices higher. The arrivals and offtake were steady today in Unjha market. Sowing of jeera is almost complete 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. Jeera prices are due for improvement provided export demand improves.

FUTURES MARKETS:

Jeera prices at NCDEX August futures contract surged today on hefty buying. The contract opened firm at Rs 7989 a quintal and then jumped to a high of Rs. 8255 a quintal. The days trading settled in green at Rs. 8158 a quintal. The total volumes traded during the session augmented to 11793 MT's as against previous days 7269 MT's. The open interest however declined to 5025 MT's.

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: Rain/thundershowers are likely at most places over West Madhya Pradesh, Gujarat Region and East Rajasthan; at many places over Madhya Maharashtra, Saurashtra & Kutch and at a few places over the rest region. Rains might affect arrivals of the commodity in the market.

TECHNICALS

Jeera prices closed near the lows of the day, indicated by the small lower shadow on the candlesticks. Jeera charts have been in a sideways trend for the last 6 weeks and have mostly oscillated between the 8400 and 8900 levels. A test of the 8400 levels seems inevitable over the next few sessions, which could be a buying opportunity if the level holds. Stochastic, RSI, MACD and EMA patterns are all weak.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
NCDEX January	8400	8364	8575	8645

TRADE RECOMMENDATION:

Sell January Jeera at NCDEX near 8520 targeting 8435 and then 8390. Put strict stop loss at 8560.

Centers	Prices/20 Kgs.		Arrivals (Bags)
Unjha	F.A.Q	1500-1550	1500
	Ganesh	1600-1650	
	Machine Cleaned	1700	

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