

SPICES DAILY

December 26, 2006

TURMERIC

SPOT MARKETS:

Turmeric prices in domestic turmeric markets remained bearish in Saturdays trade following arrivals of meagre quantities of turmeric crop in the market. However demand for fresh turmeric seemed to be good as off take was of similar quantity. Erode market remained closed on Saturday. Fresh crop arrivals are expected to peak after late January 2007. However the market has a comfortable stock of turmeric. Amidst such circumstances, domestic turmeric markets are likely to consolidate in the near future with possibility of slight uptrend in short-term on emerging demand from North Indian markets.

FUTURES MARKETS:

Turmeric at NCDEX most-active April contract opened at Rs 2065 a quintal that was similar to the previous days settlement price. During the session the prices hovered between Rs 2053 to Rs 2073 a quintal. The trading for the day culminated Re1 up at Rs 2066 a quintal reflecting indecision prevailing in the market. The volumes and open interest numbers both declined when compared with previous day.

PRICE DRIVERS:

Bearish:

1. Comfortable stock of turmeric in the market
2. Meager arrivals of fresh crop
3. New crop arrival expected to peak after late January
4. 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 are indicating indecision at current levels. MACD is rising in negative territory. Prices closed below the 18-day EMA, hinting weak prices in short-term. However Stochastic is falling in neutral region. Turmeric futures are likely to recover slightly.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	2048	2058	2066	2077	2095

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric above Rs. 2062 with a target of Rs. 2076 and then Rs. 2082 with a strict stop loss at Rs. 2052. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1900	12-14
	Gattah 1850	
Erode	Finger Closed	-
	Gattah Closed	

BLACK PEPPER

SPOT MARKETS

Black pepper traded at similar price levels in Kochi market by reason of no fresh arrival and sale in the market. Market these days is under pressure amidst some fresh crop arrivals as well as its quality concerns. Moreover, there was virtually no overseas demand, as the international buyers are now hesitant particularly due to completion of festive buying in the recent past. Given the lower price of Indian pepper at the global markets, export opportunities are seen bright once the international buyers return into the market after the yearend holidays. The Prices might consolidate and thereafter improve a bit in the coming few days.

FUTURES MARKETS:

Black pepper futures contract on the NCDEX opened lower as compared to previous days settlement and thereafter the prices recovered. Most-active January futures contract was highest at Rs 9930 a quintal during Saturday's short session. The prices recovered from the lows of Rs 9667 and culminated firm at Rs 9900 a quintal. Volumes and open interest both declined as compared to the previous settlement.

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. Reports of fresh crop arrivals in the market of poor quality
2. Lack of overseas demand ahead of yearend holidays

Weather:

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

TECHNICALS

Pepper futures at NCDEX are continuing its sideways trading. The prices closed below EMAs, which shows weakness in the market sentiments. MACD is however, showing decrease in bearish momentum. The prices are likely to see range bound movement with bullish bias.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	9665	9785	9900	9990	10090

TRADE RECOMMENDATION:

Buy NCDEX January Pepper above Rs. 9865 with a target at Rs. 9950 and then Rs. 9990 with a strict stop loss at Rs.9805. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Tonnes)
Kochi	Garbled	9100	Nil
	Ungarbled	9700	

RED CHILLIES

SPOT MARKETS

Guntur market for red chillies remained closed on Saturday. Red chillies these days are quoted at lower prices due to lack of buying support. The market is witnessing fresh crop arrivals though the quantity of arrivals is limited. Moreover, the fresh arrivals are reported not to be of superior quality. Both the domestic as well as overseas buyers are reluctant in buying at current prices in anticipation of fall in prices in the near future. Domestic red chillies production during 2006-07 crop year is expected to be on a higher side as against lower production in 2005-06 crop year. Red chillies prices are likely to witness some weakness in the coming days.

FUTURES MARKETS:

Chilli futures at the NCDEX traded in almost a similar price range in Saturday's short session. March delivery chilli contract started at Rs 4537 and thereafter tried to test the price level of Rs 4595 but failed to sustain and dropped down to finally end bearish at Rs 4492. The volumes traded and open interest both declined as that of Friday.

PRICE DRIVERS:

Bullish:

1. Crop arrival to gain pace during February
2. Higher demand for better quality of red chillies

Bearish:

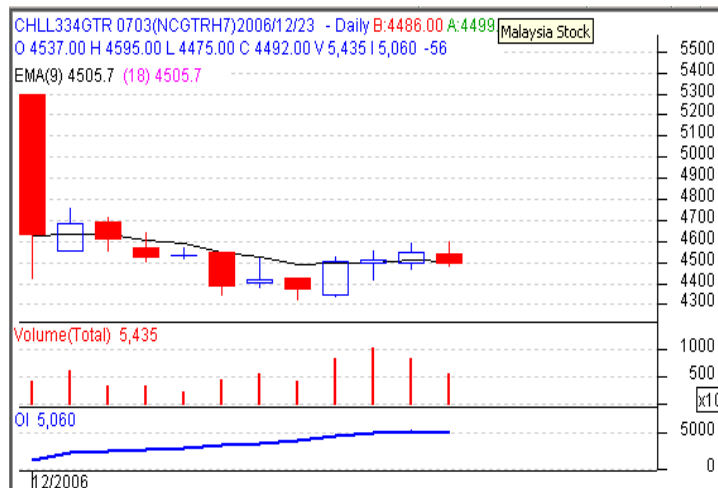
1. Forthcoming crop is expected good due to higher acreage
2. Some fresh crop arrivals in the market

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

Red chillies charts are displaying consolidation at current levels. Candlesticks pattern indicates bearishness. Prices closed below 9-day's EMA, hinting short-term weakness in prices. Volumes and open interest have declined. Red chillies futures are likely to trade in a bearish mood.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4370	4425	4492	4550	4625

TRADE RECOMMENDATION:

Sell NCDEX March Chilli below Rs. 4525 with a target of Rs. 4460 and then Rs. 4420 with a strict stop loss of Rs. 4570. Trade cautiously with intra day outlook.

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

JEERA (Cumin)

SPOT MARKETS

Jeera prices in Unjha market remained steady during Saturday's trade. The prices were unchanged amidst steady arrivals as well as offtake. The market has higher demand for the commodity from both the domestic and export front. Export of about 1000 - 1500 bags was made and the major buyers are gulf countries particularly ahead of festive season. Sowing of jeera is reported to have fallen during this season and the production figure is expected to be lower than the previous year. Heavy rainfall in some jeera producing areas of Gujarat at the time of sowing has resulted in lower acreage this year. The fresh crop arrivals are expected to hit the market by mid-January 2007 onwards. Amidst such favourable fundamentals, jeera prices are likely to improve in the near future.

FUTURES MARKETS:

Jeera prices on the NCDEX January contract surged in Saturday's trade. The trading for the day started on a bearish note as the contract opened low at Rs 8510.50 and thereafter did not look behind and rushed to witness a high of Rs 8625. The session ended Rs 66 up at Rs 8596 as against previous settlement of Rs 8530. The volumes traded and open interest figures declined when compared with that of Friday.

PRICE DRIVERS:

Bullish:

1. Rising demand from domestic and export front
2. Anticipation of lower acreage in Gujarat
3. New crop size likely to be lower
4. Cumin export has increased by 254 percent during April-October 2006-07

Bearish:

1. Fresh crop arrivals likely during mid-Jan
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

Charts are portraying bullish picture of jeera. Candlesticks have formed bullish engulfing pattern. Prices closed above EMAs indicate firmness in the market sentiments. MACD has also entered in positive zone. Stochastic is however in overbought region, which warrants some caution on the part of bulls. The prices are likely to remain on the positive side.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	8515	8555	8596	8650	8695

TRADE RECOMMENDATION:

Buy NCDEX January Jeera near Rs. 8575 with a target of Rs. 8630 and then Rs. 8660 with a strict stop loss of Rs. 8535. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.		Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1590-1600	1500
	Ganesh	1670	
	Machine Cleaned	1700-1900	

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