

SPICES DAILY

December 21, 2006

TURMERIC

SPOT MARKETS:

Domestic turmeric markets remain weak during Wednesday's trade. Nizamabad and Erode markets remain closed on Wednesday. However, in Delhi markets prices quoted lower on weak demand. Fresh crop arrivals are expected to hit the market during late January 2007. However, market stock position is reported to be comfortable enough to offset the delay in the fresh crop arrivals. 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 futures at NCDEX opened lower than previous settlement and most-active April contract tested an intraday low of Rs. 2051 at the early hours of trade. The futures traded mostly upwards thereafter on increased buying interest and tested an intraday high of Rs. 2077. The futures settled near day's high in final action. April contract traded in the range of Rs. 2051-2077 during Wednesday'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:

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 firm opening and initial uptrend. Stochastic are moving upwards in the normal region, hinting further uptrend. MACD is moving upwards in the negative territory. Prices closed above the 9-day as well as 18-day EMA, hinting firm prices in short-term. Volume has declined, while open interest has increased as compared to previous settlement. Turmeric futures are likely to trade upwards following a steady to firm opening with possibility of some late downward movement.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-------------|------|------|------|------|------|
| NCDEX April | 2014 | 2044 | 2074 | 2103 | 2130 |

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 2060-2070 with a target of Rs. 2090 and then Rs. 2100 with a strict stop loss at Rs. 2040. Trade cautiously with intra day outlook.

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

BLACK PEPPER

SPOT MARKETS

Black pepper remains steady during Wednesday's trade. It was quoted at an unchanged price in Kochi markets amidst arrivals as well as offtake of 10 Mt. Market remains 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 seemed to be sidelined after some strong 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. Prices are likely to improve in near future from the recent downfall, though may witness some consolidation in coming few days.

FUTURES MARKETS:

Black pepper futures at NCDEX opened lower as compared to previous settlement and most-active January contract tested a high of Rs. 10020 at the opening session. The futures remained mostly bearish thereafter on increased selling interest ahead of December contract expiry on Wednesday. January contract tested a low of Rs. 9875 during late hours of trading and finished with losses. January contract traded in the range of Rs. 9875-10020 during Wednesday'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. 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

Candlesticks pattern indicates steady to weak opening and initial downtrend. Stochastic are moving slightly upwards in the normal region, hinting further uptrend. MACD is also moving upwards in the negative territory. Prices closed above the 9-day EMA, hinting firm prices in short-term. Volume remains lower, while open interest has increased as compared to previous settlement. Black pepper futures are likely to trade downwards following a steady to weak opening initially and upwards thereafter.

Pepper 0701(NCPEPF7)2006/12/20 - Daily

O 10000.00 H 10020.00 L 9875.00 C 9920.00 V 6,206 I 11,981 -112

EMA(9) 9969.9 (18) 10169



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|---------------|------|------|------|-------|-------|
| NCDEX January | 9589 | 9778 | 9920 | 10232 | 10433 |

TRADE RECOMMENDATION:

Buy NCDEX January Pepper near Rs. 9850-9875 with a target at Rs. 9975 and then Rs. 10050 with a strict stop loss at Rs.9750. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl. | | Arrivals (Tonnes) |
|---------|-------------|------|-------------------|
| Kochi | Garbled | 9800 | 10 |
| | Ungarbled | 9200 | |

RED CHILLIES

SPOT MARKETS

Red chillies market in Guntur remains on an average weak during Wednesday's trade. It was quoted in a lower range as compared to previous close. Chilli prices rallied recently amidst improved buying support taking cues from the futures market. Red chillies turned in favours of the bears on reports of fresh crop arrivals in the market recently. Moreover, buyers both domestic as well as overseas preferred to be on the sideline eyeing further fall in prices. However, the fresh arrivals are limited in quantity and reported not to be of superior quality. Domestic production of red chillies during 2006-07 crop year is expected at the higher side as compared to the lower production in 2005-06 crop year. Red chillies prices are likely witness some weakness in the near future.

FUTURES MARKETS:

Chilli futures at the NCDEX opened lower than previous settlement and March contract tested an intraday low of Rs. 4333 at the opening session. However, the futures traded upwards thereafter and tested an intraday high of Rs. 4525 to finish near day's high. March contract traded in the range of Rs. 4333-4525 during Wednesday's trade.

PRICE DRIVERS:

Bullish:

1. Crop arrival to pick up only during February
2. Higher demand for better quality of red chillies

Bearish:

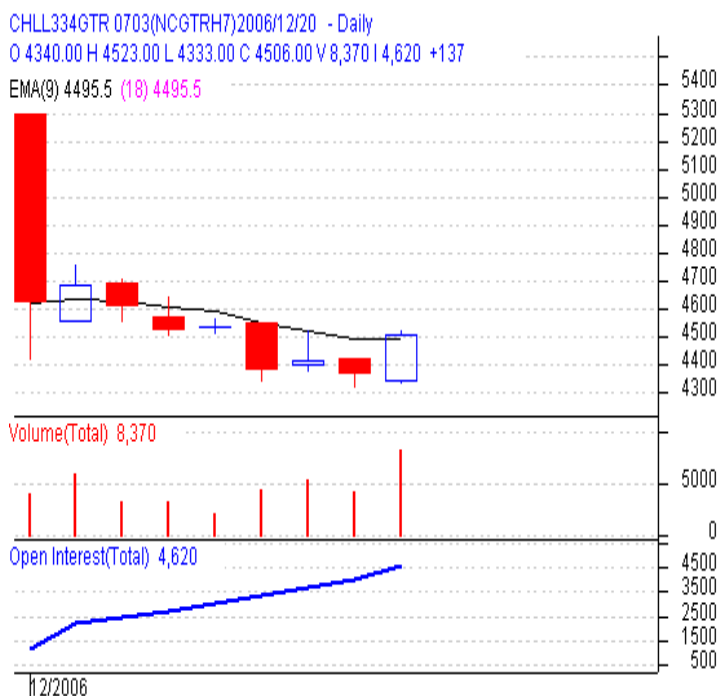
1. Forthcoming crop is expected good due to higher acreage
2. Some fresh crop arrivals in the market

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

Candlesticks pattern indicates steady to firm opening and initial uptrend. Volume as well as open interest has increased as compared to previous settlement. Prices closed above the 9-day EMA, hinting short-term strength in prices. Red chillies futures are likely to trade upwards following a steady to firm opening with possibility of some late downward movement.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-------------|------|------|------|------|------|
| NCDEX March | 4206 | 4324 | 4506 | 4660 | 4767 |

TRADE RECOMMENDATION:

Buy NCDEX March Chilli near Rs. 4450-4475 with a target of Rs. 4550 and then Rs. 4600 with a strict stop loss of Rs. 4375. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl. | Arrivals (Bags) 1 bag = 40 to 45 Kgs. |
|---------|---|---------------------------------------|
| Guntur | LCA 334 (loose) (NCDEX quality) 6000-6800 | 10000-12000 |
| | LCA 334 (Bilty) 6600-7500 | |

JEERA (Cumin)

SPOT MARKETS

Domestic jeera market remains steady during Wednesday's trade. It was quoted unchanged in Unjha markets amidst steady arrivals as well as offtake. 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 futures at the NCDEX opened higher than previous settlement and the most-active January contract tested an intraday low of Rs. 8499.9 at the early hours of trade. Increased buying interest has supported the futures thereafter and the futures traded sharply upwards to test an intraday high of Rs. 8649. The futures finished near day's high in final action. January contract traded in the range of Rs. 8499.9-8649 during Wednesday's trade.

PRICE DRIVERS:

Bullish:

1. Anticipation of lower acreage in Gujarat
2. New crop size likely to be lower
3. 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
4. Likely higher acreage in Rajasthan

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 flat in the normal region, hinting indecision. MACD is moving upwards in the negative territory. Prices closed above 9-day EMA, hinting strength in prices. Volume as well as open interest has increased as compared to previous settlement. Jeera futures are likely to trade upwards following a steady to firm opening with possibility of some late downward movements.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|---------------|------|------|------|------|------|
| NCDEX January | 8488 | 8554 | 8635 | 8750 | 8821 |

TRADE RECOMMENDATION:

Buy NCDEX January Jeera near Rs. 8600 with a target of Rs. 8675 and then Rs. 8700 with a strict stop loss of Rs. 8550. Trade cautiously with intra day outlook.

| Centers | Prices/20 Kgs. | Arrivals (Bags) 1 bag = 55 to 60 Kgs. |
|---------|-----------------|---------------------------------------|
| Unjha | F.A.Q | 1500 |
| | Ganesh | |
| | Machine Cleaned | |
| | | 1570 |
| | | 1650 |
| | | 1700-1900 |

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