

## SPICES DAILY

December 20, 2006

### TURMERIC

#### SPOT MARKETS:

Domestic turmeric markets remains mostly steady to slightly firm during Tuesday's trade. Arrivals were reported to be meagre in Nizamabad markets with complete offtake. However, arrivals increased in Erode with steady offtake. 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 higher than previous settlement and most-active April contract tested an intraday low of Rs. 2038 at the opening session. The futures traded mostly upwards thereafter on increased buying interest and tested an intraday high of Rs. 2084. Profit taking curbed some of the gains, but the futures settled in positive territory. April contract traded in the range of Rs. 2038-2084 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:

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 some initial downtrend. 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 EMA, hinting firm prices in short-term. Volume as well as open interest has increased. Turmeric futures are likely to trade upwards following a steady to firm opening with possibility of some initial downward movement. Higher volatility is expected ahead of December contract maturity on Wednesday.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	2000	2025	2063	2093	2117

#### TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 2050 with a target of Rs. 2075 and then Rs. 2090 with a strict stop loss at Rs. 2030. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1950	250
	Gattah 1850-1860	
Erode	Finger 2000-2075	5000-6000
	Gattah 1975-2075	

## BLACK PEPPER

### SPOT MARKETS

Black pepper remains steady during Tuesday's trade. It was offered 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 much higher as compared to previous settlement and most-active January contract traded on an average upwards thereafter. However, the futures slide during the late hours of trade to test an intraday low of Rs. 9851 only to surge up again. The January contract tested an intraday high of Rs. 10050 and finished near day's high in final action. Most active January contract traded in the range of Rs. 9851-10050 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. 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 firm opening and initial uptrend. Stochastic are moving 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 upwards following a steady to firm opening with possibility of late downward movement. Higher volatility is expected ahead of December contract maturity on Wednesday.

Pepper 0701(NCPEPF7)2006/12/19 - Daily  
O 9920.00 H 10044.00 L 9855.00 C 10032.00 V 11,278 I 11,498 +163  
EMA(9) 9986.6 (18) 10202



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	9589	9778	10032	10232	10433

### TRADE RECOMMENDATION:

Buy NCDEX January Pepper near Rs. 9975-10000 with a target at Rs. 10100 and then Rs. 10175 with a strict stop loss at Rs.9875. 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 steady during Tuesday's trade. 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 side-line 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 slightly higher than previous settlement and March contract tested an intraday high of Rs. 4425 at the opening session. However, the futures traded downwards thereafter and tested an intraday low of Rs. 4321 to finish near day's low. March contract traded in the range of Rs. 4321-4425 during Tuesday's trade.

### PRICE DRIVERS:

#### Bullish:

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

#### Bearish:

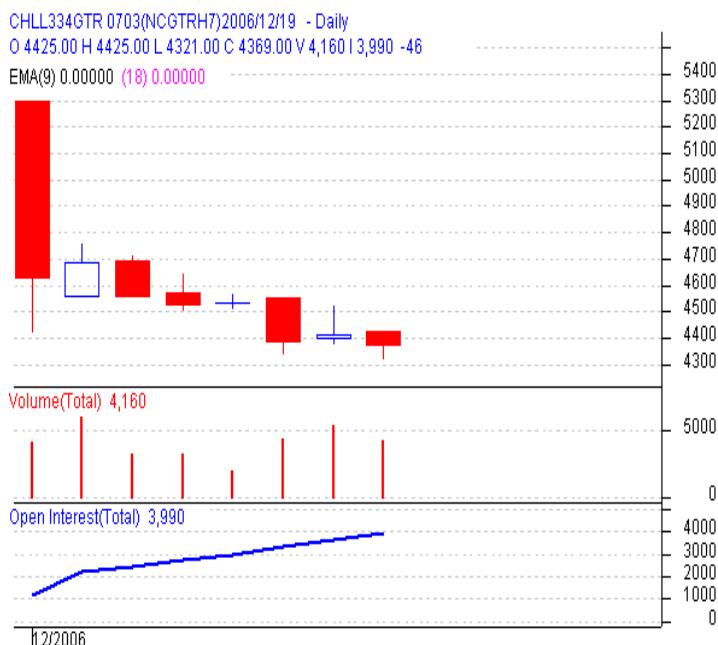
1. Forthcoming crop is expected good due to higher acreage
2. Some fresh crop arrivals in the market

### 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 weak opening and initial downtrend. Volume has declined, while open interest has increased as compared to previous settlement. Red chillies futures are likely to trade downwards following a steady to weak opening with possibility of late upward movement. Higher volatility is expected ahead of December contract maturity on Wednesday.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4226	4304	4369	4504	4586

### TRADE RECOMMENDATION:

Sell NCDEX March Chilli near Rs. 4400 with a target of Rs. 4350 and then Rs. 4340 with a strict stop loss of Rs. 4430. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX quality) 6000-7000	10000-15000
	LCA 334 (Bilty) 6600-7700	

## JEERA (Cumin)

### SPOT MARKETS

Domestic jeera market remains slightly firm during Tuesday's trade. It was quoted higher in Unjha markets amidst lower arrivals and higher offtake. Sowing of jeera is reported to have fallen significantly 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. 8445 at the early hours of trade. Increased buying interest has supported the futures thereafter and the futures traded mostly upwards to test an intraday high of Rs. 8535. The futures finished near day's high in final action. January contract traded in the range of Rs. 8445-8535 during Tuesday'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 upwards in the normal region, hinting further uptrend. MACD is also moving upwards in the negative territory. Prices closed above 9-day EMA, hinting strength in prices. Volume as well as open interest has declined 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. Higher volatility is expected ahead of December contract maturity on Wednesday.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	8381	8441	8523.9	8601	8666

### TRADE RECOMMENDATION:

Buy NCDEX January Jeera near Rs. 8500 with a target of Rs. 8575 and then Rs. 8600 with a strict stop loss of Rs. 8450. 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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