

SPICES DAILY

December 19, 2006

TURMERIC

SPOT MARKETS:

Turmeric prices in most of the major turmeric markets continued to dip. Fresh crop is estimated to be good this year and is expected to hit the markets by mid January. The demand from domestic markets is low ahead of fresh crop and due to hefty stocks in most of the turmeric markets. Under such circumstances the prices in domestic turmeric market might continue to decline and thereafter consolidate.

FUTURES MARKETS:

Turmeric futures on the NCDEX recovered a bit ahead of expiry of December contract. April Turmeric opened low at Rs 2027 and thereafter witnessed gains to touch the highs of Rs 2044 and finally culminated the session in green at Rs 2042 extending the prior days gains. The volumes traded during the session remained higher at 13540 MT.

PRICE DRIVERS:

Bearish:

1. Comfortable stock position
2. New crop to arrive by mid January
3. Weather favorable for growth of crop

Bullish:

1. Low demand for turmeric
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 however light rains might prove beneficial at this stage.

TECHNICALS

Candlesticks pattern are indicating recovery in prices. Short term EMA's are indicating bearishness and MACD is rising in negative zone. Oscillators are all favoring bulls at the stage. Prices are likely to remain slightly firm.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|-------------|------|------|------|------|
| NCDEX April | 2026 | 2012 | 2060 | 2078 |

TRADE RECOMMENDATION:

Buy above 2036 with a target of Rs. 2048 and then 2060 with a strict stop loss at Rs. 2027. Trade cautiously with intra day outlook.

| Centers | Prices/Qtls. | Arrivals (Bags) one bag = 90 Kgs. |
|-----------|------------------|-----------------------------------|
| Nizamabad | Finger 1900 | Nil |
| | Gattah 1850 | |
| Erode | Finger 1975-2075 | 5000 |
| | Gattah 1975-2050 | |

BLACK PEPPER

SPOT MARKETS

Black pepper prices declined due to lack of international buying interest at the current prices coupled with fresh crop arrivals in the market. However the market failed to see any fresh arrivals today. Market these days' remain under pressure amidst some fresh crop arrivals as well as its quality concerns. 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 domestic demand for pepper is increasing particularly from North India as stocks are depleting in most of the consumption centers. 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 the NCDEX started the day on a bearish note following Saturday's weakness in prices. Black pepper opened Rs 60 less at Rs 9920 as against previous settlement of Rs 9980 a quintal. Thereafter traded in the range of Rs 9770 - 9979 a quintal. The trading for the session ended indecisive at Rs 9920 a quintal. The volumes traded increased to 11820 on the first trading day of the week.

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. Lower demand at the higher price levels
3. Absence of international buyers

Weather:

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

TECHNICALS

Pepper charts are showing a downtrend of prices. Prices closed below 9-day and 18-day EMA shows the bearish trend has still not reversed. However, momentums studies and stochastic are favoring bulls at the stage. Prices are most likely to recover.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|---------------|------|------|-------|-------|
| NCDEX January | 9770 | 9690 | 10030 | 10175 |

TRADE RECOMMENDATION:

Buy above Rs. 9890 with a target at Rs.9980 and then 10025 with a strict stop loss at Rs. 9822. Trade cautiously with intra day outlook.

| Centers | Prices/Qtls. | Arrivals (Tonnes) |
|---------|----------------|-------------------|
| Kochi | Garbled 9800 | Nil |
| | Ungarbled 9200 | |

RED CHILLIES

SPOT MARKETS

Red chillies prices edged up in Guntur market as the market has low stocks and high demand for the commodity at present. The international buyers are from Singapore, Malaysia and Singapore. The domestic demand for chillies is also visible thus helping the prices to push up despite commencement of fresh crop arrivals in the market. However, the share of new crop arrivals is less as the new crop arrivals are expected to peak by February. Moreover it is 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 to witness consolidation in the short-term.

FUTURES MARKETS:

Chilli futures on the NCDEX extended its previous gains as the December contract started the day on a slightly bearish note but later on recovered to the high of Rs 7135 a quintal. The trading for the day finally managed to culminate firm at Rs 7087 that was still higher than the weekends close of Rs 7050. The volumes traded during the day declined to 6170 as against previous days 8280.

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. Reports of 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

Chilli charts are reflecting an up trend of prices. Candlesticks are indicating bullish sentiments. MACD is rising in positive zone and short-term moving averages are showing bullishness in prices. Stochastic oscillator is bending in overbought territory and is likely to make a bearish crossover with its signal line. The prices are most likely expected to be volatile with chances of firmness in the initial hours of trade.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|----------------|------|------|------|------|
| NCDEX December | 7030 | 6980 | 7150 | 7200 |

TRADE RECOMMENDATION:

Sell below 7115 targeting 7050 and then 7030 with a strict stop loss at 7160. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl. | Arrivals (Bags) 1 bag = 40 to 45 Kgs. |
|---------|---|---------------------------------------|
| Guntur | LCA 334 (loose) (NCDEX quality) 6000-7050 | 10000-12000 |
| | LCA 334 (Bilty) 6600-7700 | |

JEERA (Cumin)

SPOT MARKETS

Jeera prices in Unjha market declined as the arrivals increased today. The market lacks demand from export front however stockists are buying about 10 – 15 percent of the arrivals at the current levels. Sowing of jeera is reported to have fallen significantly during this season and the production figure is expected to be lower due to sowing in reduced acreage when compared with the previous year. The fresh crop arrivals are expected to hit the market by mid February 2007 onwards. Amidst such favorable fundamentals, jeera prices are likely to improve in the near future after some short-term consolidation.

FUTURES MARKETS:

Jeera futures at NCDEX continued with its previous days losses. Jeera January opened low at Rs 8555 and thereafter did not look behind and dropped down to the low of Rs 8449 a quintal. The trading for the day finally culminated in red at Rs 8465 as against previous sessions close of Rs 8568.60 per quintal. The volumes traded during the day remained on the higher side at 5901.

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

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

Jeera charts are reflecting side ways movement of prices. Candlesticks are indicating bearish sentiments prevailing in the market. MACD is falling in positive zone and prices closed below short term EMA's indicating weakness. Oscillators are showing bearishness in prices. Prices are likely to continue to dip.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | R1 | R2 |
|---------------|------|------|------|------|
| NCDEX January | 8430 | 8395 | 8515 | 8555 |

TRADE RECOMMENDATION:

Sell below 8475 with a target of 8430 and then 8410 with a strict stop loss at 8510. Trade cautiously with intra day outlook.

| Centers | Prices/20 Kgs. | Arrivals (Bags) 1 bag = 55 to 60 Kgs. |
|---------|-----------------|---------------------------------------|
| Unjha | F.A.Q | 1550 |
| | Ganesh | 1620 |
| | Machine Cleaned | 1700-1900 |

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