

SPICES DAILY

December 29, 2006

TURMERIC

SPOT MARKETS:

Domestic turmeric markets remains on an average rangebound during Thursday's trade. Gattah variety was quoted higher in Nizamabad, while finger variety quoted slightly lower in Erode. Prices remain mostly steady for other varieties. Arrivals were reported to be higher than previous day and consequently prices remain least volatile. Fresh crop arrivals are expected to pick up during late January 2007 onwards. 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.

FUTURES MARKETS:

Turmeric futures at NCDEX opened lower than previous settlement and most-active April contract tested an intraday high of Rs. 2021 at the early hours of trade. The futures immediately ran into selling pressure and slide to test an intraday low of Rs. 1985. However, the futures traded mostly upwards thereafter and pared most of the early slide only to finish with marginal loss. April contract traded in the range of Rs. 1985-2021 during Thursday'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 opening and likely trend reversal. Stochastic are moving downwards in the normal region, hinting further downtrend. MACD is also moving downwards in the negative territory. Prices closed below the 9-day as well as 18-day EMA, hinting weak prices in short-term. Turmeric futures are likely to trade upwards following a steady opening with possibility of some early downward movement.

Turmeric 0704(NCTMCJ7)2006/12/28 - Daily

O 2015.00 H 2021.00 L 1988.00 C 2014.00 V 26,050 I 28,970 -4

EMA(9) 2042.4 (18) 2054.3



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1975	1998	2014	2044	2065

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 2010-2015 with a target of Rs. 2025 and then Rs. 2030 with a strict stop loss at Rs. 2000. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1900	750
	Gattah 1900	
Erode	Finger 2050-2100	6000-7000
	Gattah 2000-2050	

BLACK PEPPER

SPOT MARKETS

Black pepper traded firm during Thursday's trade. It was quoted at a higher price by Rs. 100 per quintal amidst arrivals of 20 Mt, while offtake was nil. Lower global production as well as expectation of a lower domestic crop size has supported the firm market sentiments. 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. Traders also reported some export inquiries for the coming month. Prices are likely to improve in near future owing to its strong fundamentals.

FUTURES MARKETS:

Black pepper futures at NCDEX opened steady as compared to previous settlement and most-active January contract traded mostly downwards to test an intraday low of Rs. 9940 at the early hours of trade. However, the futures surged up again on improved buying support at the lower price levels and tested an intraday high of Rs. 10130 during late hours of trading. The futures finished near day's high in late action. Most active January contract traded in the range of Rs. 9940-10130 during Thursday'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. IPC estimates Vietnamese crop lower at 68000 tons and expected only by early March

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 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 declined as compared to the previous settlement. Black pepper futures are likely to trade upwards following a steady to firm opening with possibility of some late downward movements.

Pepper 0701(NCPEPF7)2006/12/28 - Daily

O 10014.00 H 10130.00 L 9940.00 C 10115.00 V 5,782 I 10,467 +118

EMA(9) 9988.7 (18) 10063



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	9740	9891	10115	10257	10421

TRADE RECOMMENDATION:

Buy NCDEX January Pepper near Rs. 10100 with a target at Rs. 10175 and then Rs. 10250 with a strict stop loss at Rs.10025. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Tonnes)
Kochi	Garbled	9300	20
	Ungarbled	9900	

RED CHILLIES

SPOT MARKETS

Red chillies market in Guntur remains on an average firm during Thursday's trade. It was offered in a higher price range on improved demand. Chilli prices have retreated from its recent bull run owing to lack of buying support taking cues from the futures market. 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. Red chillies prices are likely witness some consolidation in the near future.

FUTURES MARKETS:

Chilli futures at the NCDEX opened lower than previous settlement and most-active March contract tested an intraday high of Rs. 4321 at the early hours of trade. Increased selling interest has pressurised the futures thereafter and the futures tested an intraday low of Rs. 4165. However, the futures curbed some losses in late action on moderate buying interest at the lower price levels. March contract traded in the range of Rs. 4165-4321 during Thursday'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 likely trend reversal. Volume has declined, while open interest has increased as compared to previous settlement. Prices closed below the 9-day EMA, hinting short-term weakness in prices. Stochastic as well as MACD in the hourly chart are indicating possibility of an upward correction. Red chillies futures are likely to trade upwards following a steady to weak opening with possibility of some early downward movements.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4082	4165	4250	4386	4465

TRADE RECOMMENDATION:

Buy NCDEX March Chilli near Rs. 4250 with a target of Rs. 4300 and then Rs. 4350 with a strict stop loss of Rs. 4200. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX quality) 5300-6300	10000
	LCA 334 (Bilty) 5900-6900	

JEERA (Cumin)

SPOT MARKETS

Jeera market maintains previous steadiness during Thursday's trade. It was quoted unchanged amidst lower arrivals. 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. However, trade expectations of the crop varies widely and market is under uncertainty about the size of the crop. The fresh crop arrivals are expected to hit the market by mid-January onwards, which would help in determining the level of production. Jeera prices are likely to improve in the near future after some short-term consolidation.

FUTURES MARKETS:

Jeera futures at the NCDEX opened higher as compared to previous settlement and the most-active January contract tested an intraday low of Rs. 8641 at the early hours of trade. Increased buying interest has supported the futures thereafter and the futures tested an intraday high of Rs. 8737. The futures finished near day's high in final action. January contract traded in the range of Rs. 8641-8737 during Thursday'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 firm opening and initial uptrend. Stochastic are moving upwards and the %K-line has just entered the overbought region, hinting further uptrend. MACD is moving flat in the positive territory. Prices closed above 9-day as well as 18-day EMA, hinting firm prices in short-term. Jeera futures are likely to trade upwards following a firm opening with possibility of some late downward movements.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	8601	8655	8734	8821	8874

TRADE RECOMMENDATION:

Buy NCDEX January Jeera near Rs. 8700 with a target of Rs. 8775 and then Rs. 8825 with a strict stop loss of Rs. 8640. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1600-1650
	Ganesh	1675-1725
	Machine Cleaned	1750-1900

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2005 Indian Agribusiness Systems Pvt Ltd.