

SPICES DAILY

December 18, 2006

TURMERIC

SPOT MARKETS:

Domestic turmeric markets maintain the previous steadiness during Saturday's trade. It was offered at an unchanged price in Nizamabad amidst meagre arrivals and complete offtake. Erode markets remain closed on Saturday. 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 followed by the recent downfalls.

FUTURES MARKETS:

Turmeric futures at NCDEX opened higher than previous settlement and most-active April contract tested an intraday low of Rs. 2021 at the early hours of trade. The futures traded mostly upwards thereafter on moderate buying interest at the lower price levels and tested an intraday high of Rs. 2038. The futures settled with marginal gains in final action as profit taking curbed most of the gains. April contract traded in the range of Rs. 2021-2038 during Saturday'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 indecision. Stochastic are moving slightly upwards and the %K-line just entered the normal region, hinting slight uptrend. MACD is moving flat in the negative territory. Prices closed below the 9-day as well as 18-day EMA, hinting weak prices in short-term. Volume as well as open interest has declined. 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	1975	2000	2029	2058	2081

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 2025 with a target of Rs. 2035 and then Rs. 2045 with a strict stop loss at Rs. 2015. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1900	200
	Gattah 1850	
Erode	Finger Closed	-
	Gattah Closed	

BLACK PEPPER

SPOT MARKETS

Black pepper remains steady during Saturday'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 lower as compared to previous settlement and most-active January contract tested an intraday high of Rs. 10250 at the early hours of trade. However, increased selling interest has pressurised the futures thereafter and the futures traded sharply downwards to test an intraday low of Rs. 9850 at close. Most active January contract traded in the range of Rs. 9850-20250 during Saturday'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. 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

Candlesticks pattern indicates weak opening and initial downtrend. Stochastic are moving upwards in the normal region, hinting further uptrend. MACD is also moving upwards in the negative territory. Prices closed below the 9-day as well as 18-day EMA, hinting weak prices in short-term. Volume as well as open interest has declined as compared to previous settlement. Black pepper futures are likely to trade downwards following a weak opening initially with possibility of upward movement thereafter.

Pepper 0701(NCPEPF7)2006/12/16 - Daily

O 10175.00 H 10175.00 L 9850.00 C 9850.00 V 7,641 I 11,490 -342

EMA(9) 9995.1 (18) 10258



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	9451	9602	9850	10093	10257

TRADE RECOMMENDATION:

Buy NCDEX January Pepper near Rs. 9750-9800 with a target at Rs. 9900 and then Rs. 10000 with a strict stop loss at Rs.9625. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 9900	10
	Ungarbled 9300	

RED CHILLIES

SPOT MARKETS

Red chillies market in Guntur remained closed on Saturday. It was quoted in a higher price range 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 consolidation in the short-term with possibility of some firmness.

FUTURES MARKETS:

Chilli futures at the NCDEX opened much lower than previous settlement and December contract tested an intraday low of Rs. 6865 on increased selling interest. However, the futures retraced back again and tested an intraday high of Rs. 7050 to finish at the unchanged level. December contract traded in the range of Rs. 6865-7050 during Saturday'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. 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

Candlesticks pattern indicates steady to firm opening and initial uptrend. Stochastic are moving upwards and the %K-line has entered the oversold region, hinting further uptrend. MACD is also moving upwards in the positive territory. Prices closed well above 9-day as well as 18-day EMA, supporting the short-term strength. Volume as well as open interest has declined as compared to previous settlement. Red chillies futures are likely to trade upwards following a steady to firm opening with possibility of late downward movement.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX December	6722	6835	7050	7112	7200

TRADE RECOMMENDATION:

No recommendation for intraday trading in near-month contract. Avoid taking fresh intraday positions in far month contracts as well.

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

Domestic jeera market extended previous advances further during Saturday's trade. It was quoted higher by Rs. 1.50 per kg in Unjha markets despite some higher arrivals. 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 after some short-term consolidation.

FUTURES MARKETS:

Jeera futures at the NCDEX opened higher than previous settlement and the most-active January contract tested an intraday high of Rs. 8629 at the early hours of trade. Profit taking capped further advances and the futures traded mostly downwards thereafter to test an intraday low of Rs. 8552.1. The futures finished near day's low in final action. January contract traded in the range of Rs. 8552.1-8629 during Saturday'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 weak opening and initial downtrend. 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 as well as 18-day EMA, hinting strength in prices. Volume has declined, while open interest has increased as compared to previous settlement. Jeera futures are likely to trade downwards following a steady to weak opening with possibility of some late upwards movements.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	8435	8500	8568.6	8655	8726

TRADE RECOMMENDATION:

Sell NCDEX January Jeera near Rs. 8560-8580 with a target of Rs. 8525 and then Rs. 8500 with a strict stop loss of Rs. 8620. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1580-1630
	Ganesh	1680-1730
	Machine Cleaned	1780-1830

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