

## SPICES DAILY

December 16, 2006

### TURMERIC

#### SPOT MARKETS:

Domestic turmeric markets remained on an average steady during Friday's trade. Arrivals were higher in Erode, but improved offtake kept the prices unchanged. However, in Nizamabad prices remained steady on dull trading activities. 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 slightly higher than previous settlement and most-active April contract tested an intraday high of Rs. 2059 at the early hours of trade. The futures traded mostly downwards during the late hours on increased selling interest at the higher price levels and tested an intraday low of Rs. 2021. The futures settled with losses in final action. April contract traded in the range of Rs. 2021-2059 during Friday'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 weak opening and initial downtrend. Stochastic are moving flat in the oversold region, hinting indecision. 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 has declined, while open interest has increased. Turmeric futures are likely to trade downwards following a steady to weak opening with possibility of some late upward movement.

Turmeric 0704(NCTMCJ7)2006/12/15 - Daily

O 2048.00 H 2059.00 L 2021.00 C 2033.00 V 14,750 I 32,990 -13

EMA(9) 2051.5 (18) 2071.6



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1975	2000	2033	2065	2091

#### TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 2040 with a target of Rs. 2020 and then Rs. 2010 with a strict stop loss at Rs. 2055. Trade cautiously with intra day outlook.

Centers	Prices/Qtls.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1900	-
	Gattah 1850	
Erode	Finger 2000-2050	8000
	Gattah 2000-2050	

## BLACK PEPPER

### SPOT MARKETS

Black pepper prices improved during Friday's trade. It was offered at a higher price by Rs. 100 per quintal amidst no arrival as well as offtake. Market remains under pressure amidst 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. However, 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 higher as compared to previous settlement and most-active January contract tested an intraday low of Rs. 9948 at the opening session. However, increased buying interest has supported the futures thereafter and the futures surged up to test an intraday high of Rs. 10234. Most active January contract traded in the range of Rs. 9948-10234 during Friday'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 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 has increased, while open interest has declined 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.

Pepper 0701(NCPEPF7)2006/12/15 - Daily

O 9948.00 H 10234.00 L 9948.00 C 10192.00 V 14,059 I 12,084 +254

EMA(9) 10041 (18) 10314



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	9725	9931	10192	10514	10720

### TRADE RECOMMENDATION:

Buy NCDEX January Pepper near Rs. 10150-10200 with a target at Rs. 10300 and then Rs. 10400 with a strict stop loss at Rs.10025. Trade cautiously with intra day outlook.

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

## RED CHILLIES

### SPOT MARKETS

Red chillies firmed up again during Friday's trade. It was quoted in a higher price range in Guntur markets 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 higher than previous settlement and December contract tested an intraday low of Rs. 6980 at the early hours of trade. Increased buying interest has supported the futures throughout the day. The futures surged up to test a fresh contract high of Rs. 7112. Late profit taking curbed most of the advances, but the futures finished with some gains. December contract traded in the range of Rs. 6980-7112 during Friday'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 likely trend reversal. Stochastic are moving upwards and the %K-line has just 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 slightly upwards following a steady to firm opening and downward thereafter.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX December	6734	6844	7029	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) 6000-7000	15000
	LCA 334 (Bilty) 6600-7600	

## JEERA (Cumin)

### SPOT MARKETS

Domestic jeera market extended previous advances further during Friday's trade. It was quoted higher in Unjha markets amidst 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 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 low of Rs. 8531 at the opening session. The futures traded upwards thereafter on increased buying interest and tested an intraday high of Rs. 8630. The futures finished near day's high in final action. January contract traded in the range of Rs. 8531-8630 during Friday'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 as well as 18-day EMA, hinting strength in prices. Volume has increased, while 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.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX January	8506	8554	8601	8714	8762

### TRADE RECOMMENDATION:

Buy NCDEX January Jeera near Rs. 8600-8625 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	1550-1600
	Ganesh	1650-1700
	Machine Cleaned	1750-1800

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