

SPICES DAILY

December 27, 2006

TURMERIC

SPOT MARKETS:

Domestic turmeric markets remains mostly steady during Tuesday's trade. However, Gattah variety was quoted higher in Nizamabad amidst some demand. Prices remain rangebound in Erode after the long weekend holidays. 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 lower than previous settlement and most-active April contract tested an intraday high of Rs. 2078 at the opening session. Increased selling interest has pressurised the futures thereafter and the futures traded sharply downwards to test an intraday low of Rs. 2021. The futures finished near day's low in final action. April contract traded in the range of Rs. 2021-2078 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 weak opening and initial downtrend. Stochastic are moving downwards in the normal region, hinting further downtrend. MACD is moving down in the negative territory. Prices closed well below the 9-day as well as 18-day EMA, hinting weak prices in short-term. Turmeric futures are likely to trade downwards following a weak opening with possibility of some late upwards movement.

Turmeric 0704(NCTMCJ7)2006/12/26 - Daily

O 2061.00 H 2078.00 L 2021.00 C 2028.00 V 23,010 I 32,040 -38

EMA(9) 2057.4 (18) 2063.9



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-------------|------|------|------|------|------|
| NCDEX April | 1965 | 1993 | 2028 | 2056 | 2085 |

TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 2030-2040 with a target of Rs. 2010 and then Rs. 2000 with a strict stop loss at Rs. 2060. Trade cautiously with intra day outlook.

| Centers | Prices/Qtls. | Arrivals (Bags) one bag = 90 Kgs. |
|-----------|------------------|-----------------------------------|
| Nizamabad | Finger 1900 | 1500 |
| | Gattah 1900 | |
| Erode | Finger 2050-2100 | 5000-5500 |
| | Gattah 2000-2050 | |

BLACK PEPPER

SPOT MARKETS

Black pepper traded firm during Tuesday's trade. It was offered at a higher price by Rs. 100 per quintal as compared to the last weekend. Arrivals as well as offtake were reported at 10 Mt on Tuesday. There was limited 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. Traders also reported some export inquiries for the coming month, though in a limited quantity. Prices are likely to improve in near future once the consolidation phase is over.

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. 9825 at the early hours of trade. The futures retraced back immediately on increased buying support and surged up to test an intraday high of Rs. 10125. Profit taking curbed some advances, but the futures managed to hold most of the gains. Most active January contract traded in the range of Rs. 9825-10125 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 downtrend. Stochastic has made a bullish crossover and 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 has increased, while 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 downward movement later.

Pepper 0701(NCPEPF7)2006/12/26 - Daily

O 9920.00 H 10125.00 L 9829.00 C 10044.00 V 8,475 I 10,807 +144

EMA(9) 9939.9 (18) 10061



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|---------------|------|------|-------|-------|-------|
| NCDEX January | 9613 | 9797 | 10044 | 10327 | 10530 |

TRADE RECOMMENDATION:

Buy NCDEX January Pepper near Rs. 9975-10000 with a target at Rs. 10075 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 | 9200 | 10 |
| | Ungarbled | 9800 | |

RED CHILLIES

SPOT MARKETS

Red chillies market in Guntur remains on an average bearish during Tuesday's trade. It was quoted in a lower price range amidst poor demand. Chilli prices have retreated from its recent bull run owing to lack of 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 higher than previous settlement and most-active March contract tested an intraday high of Rs. 4539 at the early hours of trade. However, the futures traded on an average downwards thereafter on increased selling interest and tested an intraday low of Rs. 4455 to finish in negative territory. March contract traded in the range of Rs. 4455-4539 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. Prices closed below the 9-day EMA, hinting short-term weakness in prices. Red chillies futures are likely to trade downwards following a steady to weak opening with possibility of some late upward movement.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-------------|------|------|------|------|------|
| NCDEX March | 4337 | 4416 | 4475 | 4551 | 4619 |

TRADE RECOMMENDATION:

Sell NCDEX March Chilli near Rs. 4500 with a target of Rs. 4450 and then Rs. 4425 with a strict stop loss of Rs. 4535. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl. | Arrivals (Bags) 1 bag = 40 to 45 Kgs. |
|---------|---|---------------------------------------|
| Guntur | LCA 334 (loose) (NCDEX quality) 5000-6000 | 8000-10000 |
| | LCA 334 (Bilty) 5600-6600 | |

JEERA (Cumin)

SPOT MARKETS

Jeera market remains firm during Tuesday's trade. It was quoted higher amidst higher offtake. 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 2007 onwards, which would help in determining the expected level of production. Jeera prices are likely to improve in the near future.

FUTURES MARKETS:

Jeera futures at the NCDEX opened gapped up as compared to previous settlement and the most-active January contract tested an intraday low of Rs. 8636 at the opening session. Increased buying interest has supported the futures thereafter and the futures surged up to test an intraday high of Rs. 8760. The futures finished near day's high in final action. January contract traded in the range of Rs. 8636-8760 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.

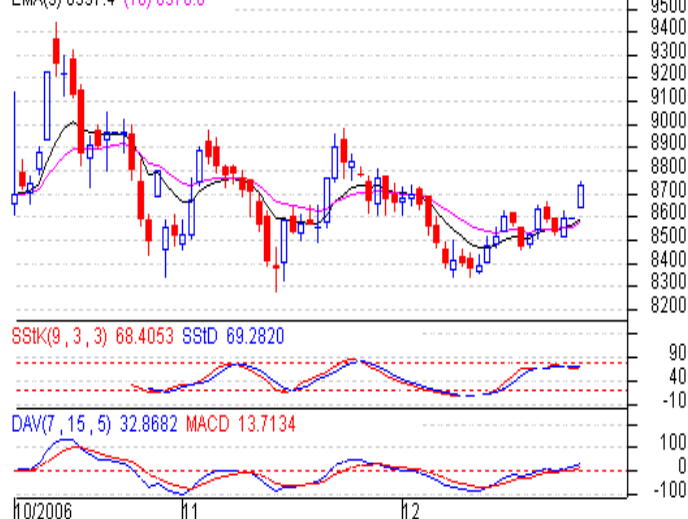
TECHNICALS

Candlestick pattern is indicating firm opening and initial uptrend. Stochastic is moving flat in the normal region, hinting indecision in the market. MACD is moving upwards in the positive territory, supporting the strength in the market. Prices closed well 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.

JEERA 0701(NCJEEF7)2006/12/26 - Daily

O 8636.00 H 8757.10 L 8636.00 C 8741.00 V 7,191 I 13,899 +145

EMA(9) 8597.4 (18) 8576.8



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|---------------|------|------|------|------|------|
| NCDEX January | 8613 | 8672 | 8741 | 8851 | 8904 |

TRADE RECOMMENDATION:

Buy NCDEX January Jeera near Rs. 8700-8725 with a target of Rs. 8800 and then Rs. 8850 with a strict stop loss of Rs. 8625. Trade cautiously with intra day outlook.

| Centers | Prices/20 Kgs. | | Arrivals (Bags) 1 bag = 55 to 60 Kgs. |
|---------|-----------------|-----------|---------------------------------------|
| Unjha | F.A.Q | 1600-1650 | 2000 |
| | Ganesh | 1675-1725 | |
| | Machine Cleaned | 1750-1900 | |

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