

## SPICES DAILY

December 08, 2006

### TURMERIC

#### SPOT MARKETS:

Domestic turmeric markets extended previous weakness further during Thursday's trade. It was offered at a lower price in Nizamabad and Erode markets amidst higher arrival and lacklustre demand. Market remains under pressure on higher acreage under turmeric this year in Tamil Nadu. Fresh crop arrivals are expected to hit the market during late January. However, market stock position is reported to be comfortable enough to offset the delay in the fresh crop arrivals. Domestic turmeric markets are unlikely to witness any major change in the near future. However, with a short-term outlook, prices may exhibit consolidation following some weakness.

#### FUTURES MARKETS:

Turmeric futures at NCDEX opened slightly lower than previous settlement and most-active April contract tested an intraday high of Rs. 2092 at the early hours of trade. The futures traded mostly downwards thereafter on increased selling interest and tested an intraday low of Rs. 2052. The futures pared some of the early losses, but finished in negative territory. April contract traded in the range of Rs. 2052-2092 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:

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 slightly upwards in normal region, hinting further uptrend. MACD is moving downwards in the negative territory. Prices closed below the 9-day as well as 18-day EMA, hinting weak prices in short-term. Volume has increased, while open interest has declined. Turmeric futures are likely to trade downwards following a steady to weak opening with possibility of some upward movement later.



#### SUPPORT / RESISTANCES:

| Contract    | S2   | S1   | PCP  | R1   | R2   |
|-------------|------|------|------|------|------|
| NCDEX April | 2020 | 2040 | 2068 | 2103 | 2123 |

#### TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 2080-2090 with a target of Rs. 2060 and then Rs. 2050 with a strict stop loss at Rs. 2110. Trade cautiously with intra day outlook.

| Centers   | Prices/Qtls.     | Arrivals (Bags) one bag = 90 Kgs. |
|-----------|------------------|-----------------------------------|
| Nizamabad | Finger 2000      | 1000                              |
|           | Gattah 1900      |                                   |
| Erode     | Finger 2025-2075 | 5500-6000                         |
|           | Gattah 2000-2050 |                                   |

## BLACK PEPPER

### SPOT MARKETS

Black pepper remained bearish during Thursday's trade in Kochi markets. It was offered at a lower price by Rs. 300 per quintal amidst arrival as well as offtake of 40 Mt. The market remains under pressure amidst talks of some fresh crop arrivals as well as its quality. Moreover, international buyers are also 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. Prices are likely to improve in near future from the recent downfall, though may witness some weakness in coming few days.

### FUTURES MARKETS:

Black pepper futures at NCDEX opened marginally lower than previous settlement and most-active January contract tested a high of Rs. 10255 at the opening session. Increased selling interest has pressurised the futures and the futures traded downwards thereafter. The futures hit 4 percent lower circuit level at the close. Most active January contract traded in the range of Rs. 9769-10255 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. 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 is moving downwards in the oversold region, hinting further downtrend. MACD is also moving downwards in the negative territory. Prices closed well below the 9-day as well as 18-day EMA, hinting weak prices in short-term. Volume as well as open interest has increased as compared to previous settlement. Black pepper futures are likely to trade downwards following a weak opening with possibility of some upward movement later.

Pepper 0701(NCPEPF7)2006/12/07 - Daily

O 10175.00 H 10255.00 L 9769.00 C 9769.00 V 16,193 I 11,569 -407

EMA(9) 10527 (18) 10831



### SUPPORT / RESISTANCES:

| Contract      | S2   | S1   | PCP  | R1    | R2    |
|---------------|------|------|------|-------|-------|
| NCDEX January | 9215 | 9531 | 9769 | 10242 | 10598 |

### TRADE RECOMMENDATION:

Sell NCDEX January Pepper near Rs. 9750-9800 with a target at Rs. 9625 and then Rs. 9550 with a strict stop loss at Rs.9925. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl. |       | Arrivals (Tonnes) |
|---------|-------------|-------|-------------------|
| Kochi   | Garbled     | 10000 | 40                |
|         | Ungarbled   | 9400  |                   |

## RED CHILLIES

### SPOT MARKETS

Domestic red chillies market continues the weak trend during Thursday's trade. It was quoted in a lower price range in Guntur markets amidst higher arrivals. The physical market sentiment turned in favours of the bears on reports of fresh crop arrivals in the market. Domestic production of red chillies during this year is expected at the higher side. India has exported 66250 tonne of chilli during April-Oct 2006-07 as compared to 70540 tonne during the same period last year. However, in value terms it has increased to Rs. 327 crore from Rs. 237.44 crore. Red chillies prices are likely witness some bearish trend in the short-term.

### FUTURES MARKETS:

Chilli futures at the NCDEX opened lower than previous settlement and December contract tested an intraday high of Rs. 6275 at the opening session of trade. The futures traded mostly downwards thereafter on increased selling interest throughout the day and tested an intraday low of Rs. 6101. The futures curbed some of the losses in late action, but finished with significant losses. December contract traded in the range of Rs. 6101-6275 during Thursday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Domestic crop arrival to pick up only during February
2. Higher demand for better quality of red chillies

#### Bearish:

1. Lower demand at the higher price levels
2. Forthcoming crop is expected good due to higher acreage
3. 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

### TECHNICALS

Candlesticks pattern indicates steady to weak opening and initial downtrend. Stochastic are moving downwards in the normal region, hinting further downtrend. MACD is also moving downwards in the positive territory. Prices closed below 9-day as well as 18-day EMA, supporting the short-term weakness. Volume as well as open interest has increased as compared to previous settlement. Red chillies futures are likely to trade downwards following a steady to weak opening with possibility of some upward movement later.

CHLL334GTR 0612(NCGTRZ6)2006/12/07 - Daily  
O 6275.00 H 6275.00 L 6101.00 C 6170.00 V 33,240 I 17,225 -119  
EMA(9) 6434.3 (18) 6304.6



### SUPPORT / RESISTANCES:

| Contract       | S2   | S1   | PCP  | R1   | R2   |
|----------------|------|------|------|------|------|
| NCDEX December | 5853 | 6000 | 6170 | 6393 | 6519 |

### TRADE RECOMMENDATION:

Sell NCDEX December Chilli near Rs. 6200-6250 targeting Rs. 6100 and then Rs. 6050 with a strict stop loss at Rs. 6350. Trade cautiously with intra day outlook.

| Centers | Prices/Qtl.                     | Arrivals (Bags) 1 bag = 40 to 45 Kgs. |
|---------|---------------------------------|---------------------------------------|
| Guntur  | LCA 334 (loose) (NCDEX quality) | 40000                                 |
|         | LCA 334 (Bilty)                 |                                       |
|         | 6200-6800                       |                                       |
|         | 7000-7500                       |                                       |

## JEERA (Cumin)

### SPOT MARKETS

Domestic jeera market remains steady at the lower price range during Thursday's trade. The arrivals as well as offtake were reported to be steady for last few days. Sowing of jeera is going on in full swing in Gujarat and traders are eyeing details of sowing report for future trend in jeera market. Preliminary reports suggest decline in acreage under jeera in Gujarat. However, acreage may increase in Rajasthan. Jeera export has registered a 254 percent increase in quantity at 18500 tonne during April-Oct 2006-07 as compared to 5223 tonne during the same period last year. Amidst such favourable fundamentals, jeera prices are likely to improve in the near future after some short-term weakness.

### FUTURES MARKETS:

Jeera futures at the NCDEX opened lower than previous settlement and the most-active January contract tested an intraday high of Rs. 8495 at the opening session. The futures traded mostly downward thereafter on increased selling interest. January contract tested an intraday low of Rs. 8371 during late hours of trading and finished in negative territory. January contract traded in the range of Rs. 8371-8495 during Thursday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Anticipation of lower acreage in Gujarat
2. Cumin export has increased by 254 percent during April-October 2006-07

#### Bearish:

1. Sowing of jeera going on in the country
2. Comfortable stock position
3. Anticipation of 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 downwards in the oversold region, hinting further downtrend. MACD is also moving downwards in the negative territory. Prices closed below 9-day as well as 18-day EMA, hinting weak prices. Volume as well as open interest has declined. Jeera futures are likely to trade downwards following a steady to weak opening with possibility of some upward movement later.



### SUPPORT / RESISTANCES:

| Contract      | S2   | S1   | PCP  | R1   | R2   |
|---------------|------|------|------|------|------|
| NCDEX January | 8275 | 8322 | 8405 | 8488 | 8542 |

### TRADE RECOMMENDATION:

Sell NCDEX January Jeera near Rs. 8425-8450 with a target of Rs. 8375 and then Rs. 8350 with a strict stop loss of Rs. 8500. Trade cautiously with intra day outlook.

| Centers | Prices/20 Kgs.  | Arrivals (Bags) 1 bag = 55 to 60 Kgs. |
|---------|-----------------|---------------------------------------|
| Unjha   | F.A.Q           | 1500-1550                             |
|         | Ganesh          | 1600-1650                             |
|         | Machine Cleaned | 1700-1750                             |

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