

## SPICES DAILY

February 01, 2007

### TURMERIC

#### SPOT MARKETS:

Turmeric markets witnessed a mixed trend during Wednesday's trade. Finger variety was offered at a higher price in Nizamabad, while Gattah quoted lower. Prices remained unchanged in Erode markets despite higher arrivals. Arrivals are increasing from the fresh harvest, though the quality of the same is reported to be inferior one with higher moisture contents and quantity is also not enough to make any significant impact on prices. Fresh crop arrivals are expected to get momentum in the coming days that would further pressurise the prices. Turmeric markets are likely to remain bearish on a better crop harvest outlook for the season.

#### FUTURES MARKETS:

Turmeric futures at NCDEX opened higher as compared to previous settlement and most-active April contract tested an intraday high of Rs. 2054 at the opening session of trading. Increased selling interest has pressurised the futures thereafter and the futures traded downwards to test an intraday low of Rs. 2026. The futures finished near day's low in final action. April contract traded in the range of Rs. 2026-2054 during Wednesday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Comfortable stock of turmeric in the market
2. Fresh crop arrivals increasing gradually
3. Weather suitable for growth of crop

##### Bullish:

1. Moderate demand amidst depleting stocks
2. Moderate demand from North India owing to winter season

#### Weather:

Isolated rain/thundershower is likely over the producing region. Prevailing weather conditions are favourable for the crop at this time.

#### TECHNICALS

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



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1974	2005	2032	2059	2088

#### TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 2040-2045 with a target of Rs. 2025 and then Rs. 2015 with a strict stop loss at Rs. 2060. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1950-1975	5000
	Gattah 1875-1900	
Erode	Finger 2100-2200	7000-7500
	Gattah 2000-2100	

## BLACK PEPPER

### SPOT MARKETS

Black pepper markets firmed up again during Wednesday's trade. It was quoted up by Rs. 200 per quintal in Kochi amidst no arrivals as well as offtake. Spot markets have witnessed a sharp rally in the recent past owing to improved demand scenario. Traders are optimistic of prospective export demand given the lower price of Indian pepper at the global markets. The export story so far remains quite bright as India exported pepper worth Rs. 203 crore during April-December 2006. With global pepper production estimated to decline by 15-20 per cent (IPC estimates) and 3.46 per cent growth in global consumption, prices are likely to head skywards in the global market in near future. Domestic scenario could well match the global trend given the estimated decline in the production this year.

### FUTURES MARKETS:

Black pepper futures at the NCDEX opened higher as compared to previous settlement and the most active March contract tested an intraday low of Rs. 12775 at the early hours of trade. Increased buying interest has supported the futures thereafter and the futures surged up to test an intraday high of Rs. 13225. The futures finished with significant gain in final action. Most active March contract traded in the range of Rs. 12775-13225 during Wednesday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Pepper export has increased by 100 percent to Rs. 203 crore during April-December 2006
2. Low stocks with competitors, lower global production
3. IPC estimates Vietnamese crop lower and expects only by early March

#### Bearish:

1. Moderate buying support at the physical markets

### Weather:

Mainly dry weather over the pepper-growing regions. Present weather conditions are favourable for the pepper crop at this time.

### TECHNICALS

Candlesticks pattern indicates steady to firm opening and initial uptrend. Stochastic are moving slightly upwards in the overbought region, hinting further uptrend. MACD is also moving upwards in the positive territory, supporting the firmness. Prices closed above the 9-day as well as 18-day EMA, hinting firm prices in short-term. Volume as well as open interest has increased as compared to previous settlement. Black pepper futures are likely to trade upwards following a steady to firm opening with possibility of some downward movements later in the session.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	12301	12667	13152	13567	13967

### TRADE RECOMMENDATION:

Buy NCDEX February Pepper near Rs. 13100-13150 with a target at Rs. 13250 and then Rs. 13300 with a strict stop loss at Rs. 13000. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 12500	Nil
	Ungarbled 11900	

## RED CHILLIES

### SPOT MARKETS

Red chillies market in Guntur remained firm during Wednesday's trade. Traders attributed slightly reduced arrivals amidst improved demand as the major reason behind the firmness in chilli prices recently. Fresh crop arrivals are likely to pick up further in the coming month. Talks of lower Chinese crop and prospective export demand have to some extent helped to check the downtrend. Chilli export from the country has increased by 44 percent to Rs. 440 crore during April-Dec 2006. However, in quantity terms it has declined by 3 percent. Acreage under chilli this year is estimated to have doubled. With a bumper harvest outlook, prices are likely to remain moderately bearish to steady in near future.

### FUTURES MARKETS:

Chilli futures at the NCDEX opened lower than previous settlement and most-active March contract tested an intraday low of Rs. 4465 at the early hours of trade. The futures traded upwards thereafter on increased buying interest and tested an intraday high of Rs. 4543. The futures managed to finish with marginal gains in final action. March contract traded in the range of Rs. 4465-4543 during Wednesday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Talks of lower Chinese crop; prospective export demand
2. Chilli export has increased by 44 percent in value during Apr-Dec 2006

#### Bearish:

1. Forthcoming crop is expected good due to higher acreage
2. Crop arrivals in the market gaining pace

### Weather:

Mainly dry weather over the chilli growing regions. Weather conditions are favourable for the crop at present.

### TECHNICALS

Candlesticks pattern indicates steady to firm opening and initial uptrend. Volume has declined, while open interest has increased as compared to previous settlement. Prices closed above the 9-day as well as 18-day EMA, hinting short-term firmness in prices. Stochastic is moving indecisively in the normal region. MACD is moving upwards in the positive territory, supporting the firmness. Red chillies futures are likely to trade upwards following a steady to firm opening with possibility of downward movements later in the session.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4298	4410	4505	4612	4717

### TRADE RECOMMENDATION:

Buy NCDEX March Chilli near Rs. 4475 with a target of Rs. 4550 and then Rs. 4575 with a strict stop loss of Rs. 4425. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX quality)	20000
	LCA 334 (Bilty)	
	5800-6400	
	6400-7000	

## JEERA (Cumin)

### SPOT MARKETS

Jeera markets witnessed some soft trend during Wednesday's trade. It was quoted lower amidst slightly higher arrivals. Fresh crop arrivals are increasing in the market, though the quantity of the same is still negligible. Production of jeera is expected at the lower side owing to reduced acreage under the crop this year. Fresh crop arrivals are likely to pick up during the mid of next month onwards that would eventually help to determine the actual size of the crop, estimations of which varies widely at present. Meanwhile, jeera exports have increased by 199 percent to 22000 tonnes and by 194 percent to Rs. 166 crore during Apr-Dec 2006. Jeera prices are expected to remain bullish in the near future supported by its strong fundamentals.

### FUTURES MARKETS:

Jeera futures at the NCDEX opened lower as compared to previous settlement and the most active March contract tested an intraday high of Rs. 9460 at the early hours of trade. Increased selling interest has pressurised the futures thereafter and the futures traded downwards to test an intraday low of Rs. 9342.2. The futures finished near day's low in late action. Most active March contract traded in the range of Rs. 9342.2-9460 during Wednesday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Estimations of lower acreage under jeera
2. New crop size expected to be lower
3. Export has increased by 199 percent in quantity terms during Apr-Dec 2006

#### Bearish:

1. Fresh arrivals started increasing, though in small quantity
2. Moderate stock position at the markets

### Weather:

Isolated rain/thundershower is likely over the jeera producing region. Climate is suitable for the crop at this stage.

### TECHNICALS

Candlestick pattern is indicating steady to weak opening and initial downtrend. Stochastic is moving indecisively in normal region. MACD is moving slightly downwards in the positive territory, supporting the weakness. Prices closed below 9-day as well as 18-day EMA, hinting weak prices in short-term. Volume has declined, while open interest has increased as compared to previous close. Jeera futures are likely to trade downwards following a steady to weak opening with possibility of some upward movements later in the session.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	9183	9265	9366.5	9434	9516

### TRADE RECOMMENDATION:

Sell NCDEX February Jeera near Rs. 9375 with a target of Rs. 9300 and then Rs. 9275 with a strict stop loss of Rs. 9425. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1730-1780
	Ganesh	1780-1830
	Machine Cleaned	1880-2000

## CARDAMOM

### SPOT MARKETS:

Uptrend in cardamom prices continued at major auction centres as demand from overseas swells. The continued drop in the arrivals coupled with heavy stockists interest has contributed to the current tightness in cardamom. At the weekly auction at CPMC, Kumily on Wednesday, the total arrivals and sales stood at 49 tonnes. The average price for cardamom stood at Rs 352 a kg, while the MCX grade 7mm fetched between Rs 385-390 a kg. Exporters remained active during auction as they bought nearly 12 tonnes of cardamom. The spot market also remains bullish on account of continued domestic demand and has gained around Rs 40-50 at major trading centre. As demand for Guatemalan cardamom stands subdued and export demand revives, the prices are likely to remain firm in coming days.

### FUTURES MARKETS

MCX Cardamom futures witnessed firm sentiments with bullish tone. Cardamom February contract opened slightly firm at Rs 440 against its previous close of Rs 439. Contract was traded on higher side with strong buying interest, testing the highs of Rs 445.40 and finally settled in the positive territory at Rs 444.50.

### PRICE DRIVERS

**Bearish:**

1. Release of Guatemalan cardamom
2. Increasing Guatemala exports

**Bullish:**

1. Declining arrivals
2. Rising demand from North India
3. Increasing overseas demand

### WEATHER

Isolated rainfall is likely in Kerala and Tamil Nadu region. Weather conditions favour the cardamom crop.

### TECHNICALS

Candlesticks chart pattern reflects bullish sentiments. MACD is in negative region and moving slightly upwards. Prices closed above both the 9 days EMA and 18 days EMA. Stochastic favours the bears. The contract is most likely to trade upward following a steady to slightly firm opening.



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX February	429	426	455	460

### TRADE RECOMMENDATION:

BUY MCX February cardamom above Rs 442 with a target of Rs 449 and then Rs 452 with a strict stop loss at Rs 437.

Auction Centre	Prices/Kg (7mm )	Arrivals (Kg )
CPMC, Kumily	385-390	49,000

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