

## SPICES DAILY

January 30, 2007

### TURMERIC

#### SPOT MARKETS:

Turmeric markets witnessed stable trend at the start of the week. Prices were quoted in previous range in Erode as well as Nizamabad markets amidst steady arrivals as well as offtake. Arrivals have started 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 lower as compared to previous settlement and most-active April contract tested an intraday high of Rs. 2044 at the early hours of trading. Increased selling interest has pressurised the futures thereafter and the futures traded downwards to test an intraday low of Rs. 2008. The futures traded rangebound at the lower side and finished in negative territory in final action. April contract traded in the range of Rs. 2008-2044 during Monday'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 also moving downwards in the positive 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. 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	1958	1989	2021	2045	2072

#### TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 2025 with a target of Rs. 2005 and then Rs. 1995 with a strict stop loss at Rs. 2040. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1925-1950	3500-4000
	Gattah 1925-1950	
Erode	Finger 2100-2200	6000
	Gattah 2000-2100	

## BLACK PEPPER

### SPOT MARKETS

Black pepper markets extended previous advances further during Monday's trade. It was quoted higher by Rs. 300 per quintal amidst arrivals as well as offtake of 20 Mt. Traders reported improvement in domestic demand. Overseas enquiries are also reported after a while and 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 steady as compared to previous settlement and the near-month February contract tested an intraday low of Rs. 12340 at the opening session of trade. Increased buying interest has supported the futures thereafter and the futures breached the 4 percent upper circuit level to test an intraday high of Rs. 12900. The futures finished with significant gains in final action. Near-month February contract traded in the range of Rs. 12340-12900 during Monday'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 firm opening and initial uptrend. Stochastic are moving upwards in the overbought region, hinting further uptrend. MACD is also moving upwards in the positive territory. Prices closed well above the 9-day as well as 18-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 firm opening with possibility of late downward movements.

Pepper 0702(NCPEPG7)2007/01/29 - Daily B:12815.00 A:12835.00  
O 12349.00 H 12900.00 L 12341.00 C 12834.00 V 14,925 I 7,894 +505

EMA(9) 12087 (18) 11772



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	12066	12449	12834	13372	13776

### TRADE RECOMMENDATION:

Buy NCDEX February Pepper near Rs. 12825-12850 with a target at Rs. 12925 and then Rs. 12975 with a strict stop loss at Rs.12750. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Tonnes)
Kochi	Garbled	12400	20
	Ungarbled	11800	

## RED CHILLIES

### SPOT MARKETS

Red chillies market in Guntur remained on an average steady to firm during Monday's trade. Arrivals were reported to be steady in the markets. Traders attributed improved demand as the major reason behind the firmness in chilli prices. Fresh crop arrivals started getting momentum at present. 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 bearish in near future.

### FUTURES MARKETS:

Chilli futures at the NCDEX opened higher than previous settlement and most-active March contract tested an intraday low of Rs. 4391 at the early hours of trade. The futures traded upwards thereafter on increased buying interest and tested an intraday high of Rs. 4539. The futures finished near day's high in late action. March contract traded in the range of Rs. 4391-4539 during Monday'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 as well as 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 slightly 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 some downward movements later in the session.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4239	4351	4500	4650	4762

### TRADE RECOMMENDATION:

Buy NCDEX March Chilli near Rs. 4475-4500 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)	25000
	LCA 334 (Bilty)	
	5700-6300	
	6300-6900	

## JEERA (Cumin)

### SPOT MARKETS

Jeera markets remain firm at the start of the week. It was offered in a higher price range amidst improved offtake. Fresh crop arrivals are increasing in the market, though the quantity of the same is still negligible. Domestic 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 higher as compared to previous settlement and the near-month February contract tested an intraday low of Rs. 9319 at the opening session of trade. Increased buying interest has supported the futures thereafter and the futures traded upwards to test an intraday high of Rs. 9405. Profit taking curbed some advances, but the futures managed to hold some gains in late action. Near-month February contract traded in the range of Rs. 9319-9405 during Monday'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 firm opening and initial downtrend. The %K-line is about to make a bullish crossover with the %D-line in normal region. MACD is moving slightly upwards in the positive territory. Prices closed above 9-day as well as 18-day EMA, hinting firm prices in short-term. Volume has increased, while open interest has declined as compared to previous close. Jeera futures are likely to trade upwards following a steady to firm opening with possibility of some early downward movements.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	9182	9244	9345.2	9439	9500

### TRADE RECOMMENDATION:

Buy NCDEX February Jeera near Rs. 9300-9325 with a target of Rs. 9375 and then Rs. 9400 with a strict stop loss of Rs. 9250. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1750-1800
	Ganesh	1800-1850
	Machine Cleaned	1900-2025
		2500

## CARDAMOM

### SPOT MARKETS:

Spot prices of cardamom remain firm at major trading centres on the back of improved demand from northern India and near close of harvesting season. At the weekly auction at CPA, Bodinayakanur on Monday, the total arrivals and sales stood at 16 tonnes. The average price for cardamom stood at 290 a kg, while the MCX grade 7mm fetched Rs 360 a kg. The spot prices have also seen the bullish trend over the past week, gaining around Rs 30-35 at every major trading centre. With renewed export demand and reported reduction in global production, the prices are likely to remain firm in coming days. Meanwhile, the market sources reported that nearly 10-12 tonnes of Guatemalan cardamom has already been sold in Delhi market and equal quantity is in pipeline.

### FUTURES MARKETS

MCX Cardamom futures witnessed range bound trade with bullish sentiments. The February contract opened steady at its near previous levels of Rs 435. Initially the futures were traded downwards, testing the lows of Rs 428.10, however, thereafter futures recovered moderately on increased buying pressure and closed the session in the positive territory with bullish sentiments. Cardamom futures hovered in the range of Rs 438.50-428.10.

### 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 observed in Kerala region. Cloudy conditions are likely to prevail over Kerala and Tamil Nadu. Weather conditions favours cardamom crop.

### TECHNICALS

Candlesticks chart pattern reflects bullish sentiments. MACD is in positive region and moving slightly downwards. Prices closed slightly above both the 9 days EMA and 18 days EMA. Stochastics 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	423	421	445	450

### TRADE RECOMMENDATION:

BUY MCX February cardamom above Rs 431 with a target of Rs 438 with a strict stop loss at Rs 426. Trade cautiously with intra day outlook.

Auction Centre	Prices/Kg (7mm )	Arrivals (Kg )
CPA, Bodinayakanur	360	16,000

#### Disclaimer

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