

SPICES DAILY

January 23, 2007

TURMERIC

SPOT MARKETS:

Turmeric markets remained steady to firm at the start of the week. Prices maintained their earlier levels in Erode amidst steady arrivals as well as offtake. However, it was offered at a higher price tag in Nizamabad markets amidst higher offtake. Arrivals have started from the fresh harvest in Nizamabad markets, though the quality of the same is reported to be inferior one with higher moisture contents and consequently traded at a discounted price. Traders reported improved demand scenario against the price rise. Fresh crop arrivals are expected to get momentum during the later half of the month that would further pressurise the prices.

FUTURES MARKETS:

Turmeric futures at NCDEX opened higher as compared to previous settlement and most-active April contract tested an intraday low of Rs. 2039 at the early hours of trade. The futures traded upwards thereafter on increased buying interest and surged up to test an intraday high of Rs. 2103 during late hours to finish near day's high. April contract traded in the range of Rs. 2039-2103 during Monday's trade.

PRICE DRIVERS:

Bearish:

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

Bullish:

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

Weather:

Mainly dry weather over the producing region. Prevailing weather conditions are favourable for the crop at this time.

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 positive territory, supporting the firmness. 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. Turmeric futures are likely to trade upwards following a steady to firm opening with possibility of some downward movement later in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	2032	2068	2100	2141	2175

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 2075-2090 with a target of Rs. 2120 and then Rs. 2135 with a strict stop loss at Rs. 2045. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1925-1950	4000
	Gattah 1925-1950	
Erode	Finger 2100-2200	4500-5000
	Gattah 1950-2050	

BLACK PEPPER

SPOT MARKETS

Black pepper extended previous advances further. Prices increased by another Rs. 200 per quintal amidst arrivals as well as offtake of 22 Mt. Traders reported improvement in domestic demand, though no major selling pressure was witnessed in the market. 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. 166 crore during April-November 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 February contract tested an intraday low of Rs. 11774 at the opening session of trade. Increased buying interest has supported the futures thereafter and the futures rallied to test an intraday high of Rs. 11981. Profit taking curbed some advances, but the futures managed to finish higher by 1.30 per cent over the last close. Most-active February contract traded in the range of Rs. 11774-11981 during Monday's trade.

PRICE DRIVERS:

Bullish:

1. Pepper export has increased by 89 percent to Rs. 166 crore during April-November 2006-07
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 upwards in the normal region, hinting further uptrend. MACD is also moving slightly upwards in the positive territory, supporting the firmness. 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 steady to firm opening with possibility of late downward movements.

Pepper 0702(NCPEPG7)2007/01/22 - Daily

O 11774.00 H 11980.00 L 11774.00 C 11888.00 V 11,308 I 9,574 +133

EMA(9) 11534 (18) 11351



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	11566	11715	11888	12199	12360

TRADE RECOMMENDATION:

Buy NCDEX February Pepper near Rs. 11850-11875 with a target at Rs. 11975 and then Rs. 12000 with a strict stop loss at Rs. 11775. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 11700	22
	Ungarbled 11100	

RED CHILLIES

SPOT MARKETS

Red chillies market in Guntur witnessed a soft trend during Monday's trade amidst increasing arrivals. Market sentiments have turned in favour of the bears as fresh crop arrivals started getting momentum at present. Arrivals are likely to pick up further in the coming month and consequently adding to the bearishness. Talks of lower Chinese crop and prospective export demand have to some extent helped to check the downtrend. As per the latest available data, chilli export from the country has increased to Rs. 380 crore during April-November 2006. Acreage under chilli this year is estimated to have doubled and consequently the production is likely to be a bumper one. 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. 4210 at the early hours of trade. The futures traded upwards thereafter on increased buying interest and surged up to test an intraday high of Rs. 4414 during late hours of trading. The futures finished near day's high in final action. March contract traded in the range of Rs. 4210-4414 during Monday's trade.

PRICE DRIVERS:

Bullish:

1. Talks of lower Chinese crop; prospective export demand
2. Chilli export has increased by 41 percent in value during Apr-Nov 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 firm opening and initial uptrend. Volume as well as open interest has increased as compared to previous settlement. Prices closed well above the 9-day as well as 18-day EMA, hinting short-term firmness in prices. Stochastic and MACD are indicating possibility of trend reversal. Red chillies futures are likely to trade upwards following a firm opening with possibility of some downward movements later in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4216	4298	4400	4530	4605

TRADE RECOMMENDATION:

Buy NCDEX March Chilli near Rs. 4400 with a target of Rs. 4475 and then Rs. 4500 with a strict stop loss of Rs. 4350. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX quality) 5700-6300	20000-25000
	LCA 334 (Bilty) 6300-6900	

JEERA (Cumin)

SPOT MARKETS

Jeera markets witnessed a firm trend at the start of the week. Prices quoted higher in Unjha markets amidst improved demand. Some fresh crop arrivals are reported in small quantity and are of inferior quality. 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. Moreover, the present cold weather conditions are also seen beneficial for the crop growth. Meanwhile, jeera exports have increased by 236 percent in quantity during Apr-November 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 most-active February contract tested an intraday high of Rs. 9424 at the early hours of trade. Profit taking capped further advances and the futures traded downwards thereafter to test an intraday low of Rs. 9301.7 to finish near day's low in final action. Most-active February contract traded in the range of Rs. 9301.7-9424 during Monday's trade.

PRICE DRIVERS:

Bullish:

1. Estimations of lower acreage under jeera
2. New crop size expected to be lower
3. Cumin export has increased by 236 percent in quantity terms during April-Nov 2006

Bearish:

1. Fresh arrivals started in small quantity
2. Moderate stock position
4. Likely higher acreage in Rajasthan

Weather:

Mainly dry weather 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 upwards in the normal region, hinting further uptrend. MACD is also moving upwards in the positive territory, supporting the firmness. 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 downwards following a steady to weak opening with possibility of upward movements later in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	9182	9233	9324	9445	9500

TRADE RECOMMENDATION:

Sell NCDEX February Jeera near Rs. 9325-9350 with a target of Rs. 9275 and then Rs. 9250 with a strict stop loss of Rs. 9400. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1720-1770
	Ganesh	1770-1820
	Machine Cleaned	1875-2000
		2000

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, Bodinayakannur on Monday, the total arrivals stood at 17.8 tonnes. However farmers withdrew nearly 1 ton of cardamom as the prices were quoted far below their expectations. The average price for cardamom stood at 270 a kg, while the MCX grade 7mm fetched between Rs 365-370 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 volatile trading with bearish sentiments. Cardamom February contract opened steady at Rs 440 against the previous close of Rs 441.50. Initially futures were traded upwards, testing the highs of Rs 449, however, on increased selling pressure the futures settled in the negative territory at Rs 438.40, losing Rs 3.10 at the close of session.

PRICE DRIVERS

Bearish:

1. Release of Guatemalan cardamom
2. Increasing Guatemala exports

Bullish:

1. Picking in final stage, arrivals declining
2. Rising demand from North India
3. Increasing overseas demand

WEATHER

Partly cloudy conditions over Tamil Nadu, However dry and hot weather likely to continue in Kerala and Karnataka, which is not conducive for cardamom crop.

TECHNICALS

Candlesticks chart pattern reflect indecisive market however technical indicators Stochastic and MACD favours the bulls. Prices closed above both the 9 days EMA and 18 days EMA. The contract is most likely to trade upwards following a steady to slightly firm opening.

CARDAMOM 0702(MXCAMG7)2007/01/22 - Daily B:438.00 A:438.80
O 440.00 H 449.00 L 433.20 C 438.40 V 4,869 T 215,028 I 4,078 -3.
EMA(9) 424.70 (18) 419.63



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX February	428	424	447	451

TRADE RECOMMENDATION:

BUY MCX February cardamom above Rs 434 with a target of Rs 442 with a strict stop loss at Rs 430. Trade cautiously with intra day outlook.

Centers	Prices/Kg (7mm AGEB)	Arrivals (Kg)
CPA, Bodinayakannur	365-370	17,800

Disclaimer

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