

SPICES DAILY

January 20, 2007

TURMERIC

SPOT MARKETS:

Turmeric markets remain on an average steady during Friday's trade. Nizamabad markets remain closed on account of "Amavashya". Prices quoted unchanged in Erode markets amidst higher arrivals as well as 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. Stocks in the markets are fast depleting, yet quantity of the same is enough to add to the bearishness in the market. 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 slightly higher as compared to previous settlement and most-active April contract tested an intraday low of Rs. 1976 at the early hours of trade. The futures traded upwards thereafter on increased buying interest and tested an intraday high of Rs. 1990 during late hours to finish with some gains. April contract traded in the range of Rs. 1976-1990 during Friday'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. Moderate demand at the lower price tags
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 negative territory. Prices closed above the 9-day as well as 18-day EMA, hinting firm prices in short-term. Volume has declined, while open interest has increased 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.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1956	1972	1988	2000	2015

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 1980 with a target of Rs. 1995 and then Rs. 2000 with a strict stop loss at Rs. 1970. Trade cautiously with intra day outlook.

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

BLACK PEPPER

SPOT MARKETS

Black pepper markets remain firm on Friday. Prices edged up by Rs. 100 per quintal amidst arrivals as well as offtake of 15 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 traded downwards to test an intraday low of Rs. 11270 at the early hours of trade. The futures retraced back on increased buying interest at the lower price levels and surged up to test an intraday high of Rs. 11585. Profit taking curbed some advances, but the futures settled with most of the gains. Most-active February contract traded in the range of Rs. 11270-11585 during Friday'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. Lack of 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 downwards in the normal region, hinting further downtrend. MACD is also moving downwards in the positive territory, supporting the weakness. 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.

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O 11328.00 H 11580.00 L 11275.00 C 11465.00 V 10,620 I 10,556 +148

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SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	11042	11235	11465	11707	11901

TRADE RECOMMENDATION:

Buy NCDEX February Pepper near Rs. 11375-11400 with a target at Rs. 11525 and then Rs. 11575 with a strict stop loss at Rs.11275. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 11300	15
	Ungarbled 10700	

RED CHILLIES

SPOT MARKETS

Domestic red chillies markets remained mostly steady with a bearish note as fresh crop arrivals started getting momentum. 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 lower than previous settlement and most-active March contract tested an intraday low of Rs. 4167 at the early hours of trade. The futures traded upwards thereafter on increased buying interest and tested an intraday high of Rs. 4229 during late hours of trading. The futures finished with some gains in final action. March contract traded in the range of Rs. 4167-4229 during Friday'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. Fresh crop arrivals in the market gaining momentum

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 declined as compared to previous settlement. Prices closed below the 9-day as well as 18-day EMA, hinting short-term weakness in prices. Stochastic and MACD are indicating further downtrend in the markets. Red chillies futures are likely to trade moderately upwards following a steady to firm opening and downwards thereafter.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4110	4166	4210	4275	4330

TRADE RECOMMENDATION:

Sell NCDEX March Chilli near Rs. 4250 with a target of Rs. 4190 and then Rs. 4170 with a strict stop loss of Rs. 4290. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX quality) 6000-6600	15000-20000
	LCA 334 (Bilty) 6600-7200	

JEERA (Cumin)

SPOT MARKETS

Jeera markets remain on an average steady at the higher side amidst higher offtake. 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 224 percent in value terms and 236 percent in quantity terms 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 lower as compared to previous settlement and the most-active February contract tested an intraday low of Rs. 9110 at the early hours of trade. The futures traded upwards thereafter on increased selling interest and surged up to test an intraday high of Rs. 9221 to finish near day's high in final action. Most-active February contract traded in the range of Rs. 9110-9221 during Friday'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 firm opening and initial uptrend. Stochastic is moving upwards in the normal region, hinting further uptrend. MACD is moving flat in the positive territory. Prices closed above 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 close. Jeera 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 February	9043	9102	9205	9311	9383

TRADE RECOMMENDATION:

Buy NCDEX February Jeera near Rs. 9175-9200 with a target of Rs. 9275 and then Rs. 9300 with a strict stop loss of Rs. 9115. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.		Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1670-1720	1500
	Ganesh	1725-1780	
	Machine Cleaned	1825-1950	

CARDAMOM

SPOT MARKETS:

Cardamom continued to trade firm at both auction centres as well as major spot markets mainly on the back of declining arrivals and buyers support. Cardamom fetched Rs 25 higher during the weekly auction at Mass Enterprises Ltd, Vandanmedu compared to last week's auction. The total arrivals stood at 12 tonnes, which was sold at an average price of Rs 320. The MCX grade was traded in the higher range of Rs 380-385. With harvesting season coming to an end and the reported fall in cardamom production in both India and Guatemala has kept the cardamom prices firm. Further, the continued adverse weather conditions prevailing in southern region have invoked fear of further fall in cardamom production this year. Meanwhile, market sources opine that cardamom prices are likely to touch Rs 400-450 a kg level despite the entry of Guatemala cardamom.

FUTURES MARKETS

MCX Cardamom futures witnessed firm sentiments with bullish tone. Cardamom February contract opened firm with small gap up at Rs 423.50 against the previous close of Rs 420.70. Futures traded upwards on increased buying interest and tested a high of Rs 436.50 and finally settled in the positive territory. February contract moved in a range of Rs 436.50-421.20.

PRICE DRIVERS

Bearish: 1. Guatemala crop in pipeline
2. Increasing Guatemala exports

Bullish:
1. Picking in final stage, arrivals declining
2. Slightly better demand from North India

WEATHER

Isolated rainfall is likely over coastal 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 bullish sentiments. Technical indicators Stochastics and MACD favour the bulls. Prices closed above both the 9 days EMA and 18 days EMA. The contract is most likely to trade upwards following a slightly firm opening.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX February	424	419	444	449

TRADE RECOMMENDATION:

BUY MCX February cardamom above Rs 430 with a target of Rs 438 with a strict stop loss at Rs 424. Trade cautiously with intra day outlook.

Centers	Prices/Kg (7mm)	Arrivals (Kg)
Mass Enterprises Ltd, Vandanmedu	380-385	12,000

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