

## SPICES DAILY

January 09, 2007

### TURMERIC

#### SPOT MARKETS:

Domestic turmeric markets remain mostly steady to firm during Monday's trade. It was quoted higher in Nizamabad amidst lower arrivals as compared to previous day. Finger variety was also offered at a higher price in Erode markets on some demand, where arrivals were also reported lower. Turmeric prices remained mostly rangebound for the past few days amidst lack of any significant changes in its fundamental aspects. Fresh crop arrivals are expected to pick up during late January onwards. However, market stock position is reported to be comfortable enough to offset the delay in the fresh crop arrivals. Domestic turmeric markets are likely to remain weak in the near future.

#### FUTURES MARKETS:

Turmeric futures at NCDEX opened slightly lower as compared to previous settlement and most-active April contract tested an intraday high of Rs. 1971 at the opening session of trade. The futures traded mostly downwards thereafter on increased selling interest and tested an intraday low of Rs. 1936. The futures pared some losses, but finished in negative territory in late action. April contract traded in the range of Rs. 1936-1971 during Monday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Comfortable stock of turmeric in the market
2. New crop arrival to pick during late January
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:

Isolated rainfalls are likely over coastal Tamil Nadu. Mainly dry weather over rest of the 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 oversold region, hinting further downtrend. 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 as well as 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.

Turmeric 0704(NCTMCJ7)2007/01/08 - Daily

O 1965.00 H 1971.00 L 1936.00 C 1949.00 V 23,720 I 28,360 -17

EMA(9) 1985.1 (18) 2009.7



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1888	1910	1949	1990	2012

#### TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 1955 with a target of Rs. 1940 and then Rs. 1925 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 1850	500
	Gattah 1850	
Erode	Finger 2125-2225	5000
	Gattah 2000-2050	

## BLACK PEPPER

### SPOT MARKETS

Black pepper remains steady in Kochi markets during Monday's trade. It was quoted unchanged amidst arrivals as well as offtake of 4 Mt. Lower global productions as well as expectation of a lower domestic crop size has supported the firm market sentiments. Given the lower price of Indian pepper at the global markets, export opportunities are seen bright as the international buyers are returning into the market after the yearend holidays. India has exported pepper valued at Rs. 166 crore during April-November 2006, up by 89 percent as compared to same period of last year. Black pepper prices are likely to remain bullish in near future owing to its strong fundamentals.

### FUTURES MARKETS:

Black pepper futures at NCDEX opened higher as compared to previous settlement and most-active February contract tested an intraday low of Rs. 11465 at the early hours of trade. The futures traded on an average upwards thereafter on moderate buying interest and tested an intraday high of Rs. 11759. Profit taking capped further advances and the futures settled with losses on late selling pressure. Most-active February contract traded in the range of Rs. 11465-11759 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 at 68000 tons and expects only by early March

#### Bearish:

1. Reports of fresh crop arrivals in the market of poor quality
2. Overseas demand yet to pick up after the yearend holidays

### Weather:

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

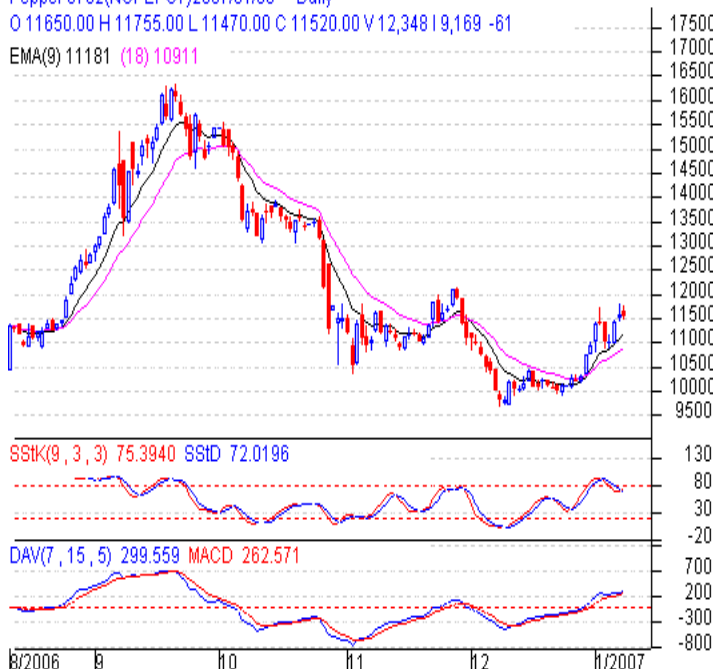
### TECHNICALS

Candlesticks pattern indicates steady to weak opening and initial downtrend. Stochastic are moving flat in the normal region, hinting indecision. MACD is moving upwards in the positive territory. 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 downwards following a steady to weak opening initially and upwards thereafter.

Pepper 0702(NCPEPG7)2007/01/08 - Daily

O 11650.00 H 11755.00 L 11470.00 C 11520.00 V 12,348 I 9,169 -61

EMA(9) 11181 (18) 10911



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	11169	11355	11520	11889	12112

### TRADE RECOMMENDATION:

Buy NCDEX February Pepper near Rs. 11450 with a target at Rs. 11600 and then Rs. 11700 with a strict stop loss at Rs.11325. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 11300	4
	Ungarbled 10700	

## RED CHILLIES

### SPOT MARKETS

Red chillies market in Guntur remained on an average steady during Monday's trade. Prices were quoted in the previous range amidst steady arrivals as well as offtake. Export of chilli has increased by 41 percent in value to touch Rs. 380 crore during Apr-Nov 2006. Domestic production of red chillies during 2006-07 crop year is expected higher owing to higher acreage under chilli this season. Red chillies prices are likely to remain bearish in the near future with possibility of some short-term gains amidst depleting stocks.

### FUTURES MARKETS:

Chilli futures at the NCDEX opened higher than previous settlement and most-active March contract tested an intraday low of Rs. 4046 at the early hours of trade. The futures surged up during the late hours of trading on increased buying interest and tested an intraday high of Rs. 4243 to finish with more than 3.9 percent gain on close. March contract traded in the range of Rs. 4046-4243 during Monday's trade.

### PRICE DRIVERS:

#### Bullish:

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

#### Bearish:

1. Forthcoming crop is expected good due to higher acreage
2. Some fresh crop arrivals in the market

### 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 has increased, while open interest has declined as compared to previous settlement. Prices closed above the 9-day EMA, hinting short-term firmness in prices. Stochastic and MACD are indicating further uptrend in the hourly chart. Red chillies futures are likely to trade upwards following a firm opening with possibility of downward movement later.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4029	4156	4243	4381	4500

### TRADE RECOMMENDATION:

Buy NCDEX March Chilli near Rs. 4200 with a target of Rs. 4300 and then Rs. 4350 with a strict stop loss of Rs. 4125. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX quality)	5800-6800
	LCA 334 (Bilty)	6400-7400
		2000-3000

## JEERA (Cumin)

### SPOT MARKETS

Jeera markets remain bearish at the start of week in Unjha. Prices declined owing to increased arrivals. Domestic production of jeera is likely to be lower than the year ago figures as a result of lower acreage under the crop. However, trade expectations of the crop varies widely and market is under uncertainty about the size of the crop. Fresh crop arrivals are expected to hit the market by mid-January onwards, which would help in determining the level of production. Meanwhile, jeera exports have increased by 224 percent in value terms and 236 percent in quantity terms during Apr-Nov 2006. Jeera prices are likely to remain bullish in the near future on 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. 9230 at the early hours of trade. The futures recovered back on some buying support at the lower price levels and tested an intraday high of Rs. 9337.8. However, the futures settled with some losses in late action. Most-active February contract traded in the range of Rs. 9230-9337.8 during Monday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Estimations of lower acreage in Gujarat
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 crop arrivals likely during mid-Jan
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 are moving flat in the overbought region, hinting indecision. MACD is has made a bearish crossover with its EMA in the positive territory. Prices closed above 9-day as well as 18-day EMA, hinting firm prices in short-term. 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	9202	9264	9312	9434	9500

### TRADE RECOMMENDATION:

Buy NCDEX February Jeera near Rs. 9300 with a target of Rs. 9360 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	1640-1690	4500-5000
	Ganesh	1710-1760	
	Machine Cleaned	1820-1940	

## CARDAMOM

### SPOT MARKETS:

Cardamom prices improved slightly at the CPA, Bodinayakannur auction center. The demand for cardamom from domestic spot markets is moderate however demand from export front is almost negligible. The auction saw slightly higher arrivals of 17MT of cardamom and the sales were of around 15 - 15.5MT of Cardamom. The total arrivals comprised of a very small quantity of 7 mm grade cardamom that too is reported to be of inferior quality. Exporters from Guatemala reported exports during June to December 2006 increased. Guatemala crop in pipeline coupled with lack of any significant demand might most likely keep the prices subdued.

### FUTURES MARKETS:

Cardamom prices continued with their southward journey and bottomed down in most of the contracts traded on the MCX. Cardamom Jan futures contract started on a bearish note as the contract opened at Rs 366.50, Rs1.50 below Saturday's close of Rs.368.00. The prices dropped down to the low of Rs 362 and thereafter recovered to culminate at the previous days close of Rs 368. The volumes traded in the contract during the session declined to 669.

### PRICE DRIVERS:

#### Bearish:

1. Meager export demand
2. Guatemala crop in pipeline
3. Increasing Guatemala exports

#### Bullish:

4. Picking of crop near completion
5. Slight domestic demand

### Weather:

Isolated rain & thundershowers likely over Tamil Nadu and Kerala. Dry and hot weather is not congenial for good quality yield.

### TECHNICALS

Cardamom charts are showing a downtrend. Candlesticks are reflecting indecision at current levels. MACD is declining in negative zone and the prices closed below short term EMA's. Stochastic has made a bullish crossover in oversold zone and RSI is moving flat in oversold region. The contract is most likely to witness volatile movement of prices.



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX February	365	362	374	379

### TRADE RECOMMENDATION:

Sell MCX February cardamom below 374 with a target of Rs. 368 and then Rs 365 with a strict stop loss at Rs. 378.5. Trade cautiously with intra day outlook.

Centers	Prices/Kg (7mm)	Arrivals (Kg )
CPA, Bodinayakannur	350	17000

#### Disclaimer

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