

## SPICES DAILY

January 22, 2007

### TURMERIC

#### SPOT MARKETS:

Turmeric markets witnessed a firm trend at weekend. Prices quoted higher in Nizamabad markets amidst higher offtake. Erode markets remained closed on Saturday. 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 higher as compared to previous settlement and most-active April contract tested an intraday low of Rs. 1990 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. 2055 during late hours to finish with hefty gains. April contract traded in the range of Rs. 1990-2055 during Saturday'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, 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. Turmeric futures are likely to trade upwards following a steady to firm opening with possibility of some downward movement later.

Turmeric 0704(NCTMCJ7)2007/01/20 - Daily

O 1992.00 H 2055.00 L 1990.00 C 2044.00 V 28,500 I 26,660 +56

EMA(9) 1992.1 (18) 1993.0



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1976	2010	2044	2092	2123

#### TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 2025-2040 with a target of Rs. 2075 and then Rs. 2085 with a strict stop loss at Rs. 1995. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1875	1000
	Gattah 1875	
Erode	Finger Closed	-
	Gattah Closed	

## BLACK PEPPER

### SPOT MARKETS

Black pepper markets extended previous advances further. Prices increased by Rs. 200 per quintal amidst arrivals as well as offtake of 20 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. 11499 at the opening session of trade. The futures traded upwards thereafter on increased buying interest and surged up to test an intraday high of Rs. 11773 to finish near day's high. Most-active February contract traded in the range of Rs. 11499-11773 during Saturday'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 firm opening and initial uptrend. Stochastic have made a bullish crossover 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 as well as open interest has declined as compared to previous settlement. Black pepper futures are likely to trade upwards following a firm opening with possibility of some late downward movements.

Pepper 0702(NCPEPG7)2007/01/20 - Daily

O 11500.00 H 11773.00 L 11500.00 C 11755.00 V 9,418 I 10,048 +271

EMA(9) 11445 (18) 11288



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	11429	11591	11755	12042	12206

### TRADE RECOMMENDATION:

Buy NCDEX February Pepper near Rs. 11700-11750 with a target at Rs. 11850 and then Rs. 11900 with a strict stop loss at Rs.11600. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 11500	20
	Ungarbled 10900	

## RED CHILLIES

### SPOT MARKETS

Red chillies market in Guntur remained closed on Saturday. 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. 4219 at the opening session of trade. The futures traded upwards thereafter on increased buying interest and tested an intraday high of Rs. 4268 during late hours of trading. Profit taking curbed some advances, but the futures managed to settle in positive territory. March contract traded in the range of Rs. 4219-4268 during Saturday'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 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 downwards following a steady opening with possibility of some early upward movements.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4095	4152	4222	4288	4343

### TRADE RECOMMENDATION:

Sell NCDEX March Chilli near Rs. 4240 with a target of Rs. 4190 and then Rs. 4170 with a strict stop loss of Rs. 4275. Trade cautiously with intra day outlook.

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

## JEERA (Cumin)

### SPOT MARKETS

Jeera markets remained firm at the weekend. Prices quoted higher in Unjha markets amidst improved demand at present. 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 low of Rs. 9215 at the opening session of trade. The futures traded upwards thereafter on increased buying interest and surged up to test an intraday high of Rs. 9360 to finish near day's high in final action. Most-active February contract traded in the range of Rs. 9215-9360 during Saturday'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 firm opening and initial uptrend. 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 well 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 firm opening with possibility of downward movements later in the session.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	9177	9249	9354	9481	9568

### TRADE RECOMMENDATION:

Buy NCDEX February Jeera near Rs. 9325-9350 with a target of Rs. 9400 and then Rs. 9450 with a strict stop loss of Rs. 9265. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1700-1750
	Ganesh	1750-1800
	Machine Cleaned	1850-1975
		2000

## CARDAMOM

### SPOT MARKETS:

Cardamom prices bounced back at the weekly auction at ISMPCS, Pullianmala on Saturday. The total arrivals stood at 15.5 tonnes however the average prices jumped from last weeks Rs 275 to Rs 320 this auction. Renewed export demand, declining arrivals at auctions and reported fall in cardamom production, both in India and Guatemala has led to improved demand and speculative buying from Northern traders. Exporters bought around 4 tonnes at today's auction. The MCX grade was traded in the higher range of Rs 370-375. Meanwhile, with continued hot weather and dry spell prevailing in Kerala and Tamil Nadu, farmers and traders fear of further fall in production this season. Trade sources estimate that the cardamom production will remain at 10,000 tonnes level this year. In effect, the cardamom prices are likely to remain firm at the spot markets in coming days.

### FUTURES MARKETS

MCX Cardamom futures witnessed firm sentiments with bullish tone. Cardamom February contract opened steady at Rs 434 against the previous close of Rs 434.30. Futures traded upwards on increased buying interest and tested a high of Rs 443.90 and finally settled in the positive territory. February contact moved in a range of Rs 443.90-431.30.

### PRICE DRIVERS

**Bearish:** 1. Likely 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

Isolated rainfall 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.

CARDAMOM 0702(MXCAMG7)2007/01/20 - Daily B:442.00 A:442.30  
O 434.00 H 443.90 L 431.30 C 441.50 V 4,184 T 3,070 I 4,523 +7.2



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX February	433	428	451	455

### TRADE RECOMMENDATION:

BUY MCX February cardamom above Rs 437 with a target of Rs 446 with a strict stop loss at Rs 432. Trade cautiously with intra day outlook.

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

#### Disclaimer

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