

## SPICES DAILY

January 08, 2007

### TURMERIC

#### SPOT MARKETS:

Domestic turmeric markets remain on an average bearish during Saturday's trade. It was quoted lower in Nizamabad markets amidst weak demand. Erode markets remain closed on Saturday. Turmeric prices remained steady to weak 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. With a good harvest outlook, 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 low of Rs. 1955 amidst weak demand. The futures traded mostly upwards thereafter on moderate buying interest and tested an intraday high of Rs. 1975. The futures pared some advances, but finished in positive territory in late action. April contract traded in the range of Rs. 1955-1975 during Saturday'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 firm opening and initial uptrend. Stochastic are moving downwards and the %K-line has just entered 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 declined as compared to previous settlement. Turmeric futures are likely to trade moderately upwards following a steady to firm opening and downward thereafter.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1920	1943	1966	1992	2014

#### TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 1955 with a target of Rs. 1970 and then Rs. 1975 with a strict stop loss at Rs. 1945. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1800	1500
	Gattah 1800	
Erode	Finger Closed	-
	Gattah Closed	

## BLACK PEPPER

### SPOT MARKETS

Black pepper extended previous advances further in Kochi markets at the weekend. It was quoted higher by Rs. 300 per quintal amidst arrivals as well as offtake of 7.5 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. 11415 at the early hours of trade. The futures traded upwards thereafter on increased buying interest and tested an intraday high of Rs. 11785. Profit taking capped further advances and the futures finished higher after curbing some initial advances. Most-active February contract traded in the range of Rs. 11415-11785 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 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 firm opening and initial uptrend. Stochastic are moving downwards in the normal region, hinting further downtrend. MACD is 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 declined, while 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 a downward technical correction soon.

Pepper 0702(NCPEP67)2007/01/06 - Daily

O 11480.00 H 11785.00 L 11420.00 C 11581.00 V 12,199 I 8,904 +154

EMA(9) 11097 (18) 10840



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	11070	11268	11581	11889	12100

### 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	7.5
	Ungarbled	10700	

## RED CHILLIES

### SPOT MARKETS

Red chillies market in Guntur remained closed on Saturday. Chilli prices have in general retreated from its recent bull run owing to lack of buying support taking cues from the futures market. Buyers both domestic as well as overseas preferred to be on the side-line eyeing further fall in prices. 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 lower than previous settlement and most-active March contract tested an intraday high of Rs. 4167 at the early hours of trade. The futures traded mostly downwards thereafter on increased selling interest and tested an intraday low of Rs. 4044 to finish with significant losses. March contract traded in the range of Rs. 4044-4167 during Saturday'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 steady to weak opening and initial downtrend. Volume has declined, while open interest has increased 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 hourly chart. Red chillies futures are likely to trade downwards following a steady to weak opening with possibility of some upward movement later.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	3847	3962	4080	4169	4284

### TRADE RECOMMENDATION:

Sell NCDEX March Chilli near Rs. 4100 with a target of Rs. 4040 and then Rs. 4000 with a strict stop loss of Rs. 4150. 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 continues to remain steady in Unjha markets at weekend. It was offered in previous price range owing to steady arrivals as well as offtake. 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 higher as compared to previous settlement and the most-active February contract tested an intraday high of Rs. 9421 at the opening session of trade. Increased selling interest has pressurised the futures thereafter and the futures slide to test an intraday low of Rs. 9310. The futures finished near day low in final action. Most-active February contract traded in the range of Rs. 9310-9421 during Saturday'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 weak opening and initial downtrend. Stochastic are moving downwards in the overbought region, hinting further downtrend. MACD is about to make a bearish crossover with its EMA in the positive territory. Prices closed well above 9-day as well as 18-day EMA, hinting firm prices in short-term. Jeera futures are likely to trade downwards following a weak opening with possibility of upward movements later.

JEERA 0702(NCJEEG7)2007/01/06 - Daily

O 9421.00 H 9421.00 L 9310.00 C 9316.00 V 6,579 | 17,457 -99

EMA(9) 9229.9 (18) 9077.3



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	9177	9233	9316	9383	9445

### TRADE RECOMMENDATION:

Sell NCDEX February Jeera near Rs. 9300-9320 with a target of Rs. 9260 and then Rs. 9240 with a strict stop loss of Rs. 9360. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.		Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1660-1710	2500
	Ganesh	1730-1780	
	Machine Cleaned	1840-1960	

## CARDAMOM

### SPOT MARKETS:

Spot prices of cardamom dipped to months lowest at the Saturday's auction at ISMPCS, Pullianmala. The average price for cardamom witnessed the fall of Rs.20-25 as prices hovered at Rs.270 level as against the last weeks Rs.300 level. The total arrivals at the auction remained steady at 16 tonnes however only about 10 tonnes was sold in the Saturday's auction as farmers withdrew nearly 5 tonnes on account of lower price quoted. Adding to it, no further improvement in demand on both domestic as well as export front has led to the passivity among buyers. The 7mm MCX grade cardamom that was traded at a low of Rs.300 a Kg. also witnessed the comparative loss of Rs.20-25 at Pullianmala auction. No good news on crop front too as continuing dry and hot weather in the parts of Kerala is likely to affect the quality and produce of cardamom.

### FUTURES MARKETS:

Cardamom prices bottomed down in most of the contracts traded on the MCX. Cardamom Jan futures contract opened steady at Rs.399 as against Friday's close of Rs 398.80. The prices thereafter never went up and dropped down sharply to create the contracts low of Rs 391.40. The trading for the day culminated in red by Rs 5.80 down at Rs 393.

### 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:

Mainly dry and hot weather is likely over cardamom-growing states. Weather is not congenial for good quality yield.

### TECHNICALS

Cardamom charts are showing a downtrend. Candlesticks are reflecting bearish sentiments. MACD is declining in negative zone and the prices closed below short term EMA's. Oscillators are indicating bearishness. The contract is most likely to witness bearishness of prices.



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX February	385	380	404	411

### TRADE RECOMMENDATION:

Sell MCX February cardamom below 396 with a target of Rs. 386 and then Rs 380 with a strict stop loss at Rs. 401. Trade cautiously with intra day outlook.

Centers	Prices/Kg (7mm)	Arrivals (Kg )
ISMPCS, Pullianmala	300	16000

#### Disclaimer

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