

SPICES DAILY

January 15, 2007

TURMERIC

SPOT MARKETS:

Turmeric markets remain quiet at the weekend. Prices maintained the previous day's range amidst slightly lower arrivals. Erode markets remained closed. Markets witnessed mostly lacklustre trade on limited buying interest. 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 rangebound in short-term with weak bias.

FUTURES MARKETS:

Turmeric futures at NCDEX opened slightly lower than previous settlement and most-active April contract tested an intraday high of Rs. 1971 at the opening session of trade. The futures immediately slide to test an intraday low of Rs. 1956 and traded rangebound for the rest of the session. The futures finished with some gains in late action. April contract traded in the range of Rs. 1956-1971 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 south 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 slightly upwards in the normal region, hinting further uptrend. MACD is also moving upwards 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 upwards following a steady to firm opening initially with possibility of some downward movement later.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1932	1948	1968	1986	2005

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 1960 with a target of Rs. 1975 and then Rs. 1985 with a strict stop loss at Rs. 1950. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 1825-1850	300-400
	Gattah 1825-1850	
Erode	Finger Closed	-
	Gattah Closed	

BLACK PEPPER

SPOT MARKETS

Black pepper market in Kochi remains steady at the weekend. It was offered at the previous range amidst arrivals as well as offtake of 10 Mt. Lower global productions as well as expectation of a lower domestic crop size has supported the 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 once the consolidation phase is over.

FUTURES MARKETS:

Black pepper futures at the NCDEX opened lower as compared to previous settlement and tested an intraday low of Rs. 11160 at the opening session of trade. The futures traded on an average upwards thereafter on some buying support at the lower price levels and tested an intraday high of Rs. 11455. Profit taking curbed some advances, but the futures managed to finish with some gains in final action. Most-active February contract traded in the range of Rs. 11160-11455 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. Lack of buying support at the physical markets
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 firm opening and initial uptrend. Stochastic are moving downwards in the normal region, hinting further downtrend. MACD is 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 has declined, while open interest has increased as compared to previous settlement. Black pepper futures are likely to trade upwards following steady to firm opening with possibility of some downward movement later.

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SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX February	10859	11045	11344	11715	11889

TRADE RECOMMENDATION:

Buy NCDEX February Pepper near Rs. 11300 with a target at Rs. 11450 and then Rs. 11550 with a strict stop loss at Rs.11175. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 11200	10
	Ungarbled 10600	

RED CHILLIES

SPOT MARKETS

Red chillies market in Guntur remains closed on Saturday. Prices were quoted in a slightly lower price range amidst higher arrivals in the market on Friday. Prices have moved up to the higher side recently owing to depleting stocks in the market as well as presence of overseas buyers. 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. 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 low of Rs. 4251 at the early hours of trade. The futures traded upwards on increased buying interest and tested an intraday high of Rs. 4325. However, profit taking curbed some advances and the futures settled with some losses in late action. March contract traded in the range of Rs. 4251-4325 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 firm opening and initial downtrend. Volume has declined, while open interest has increased as compared to previous settlement. Prices closed above the 9-day as well as 18-day EMA, hinting short-term firmness in prices. Stochastic and MACD are indicating further uptrend. Red chillies futures are likely to trade downwards following a steady to weak opening with possibility of some early upward movements.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4127	4192	4279	4362	4427

TRADE RECOMMENDATION:

Sell NCDEX March Chilli near Rs. 4300 with a target of Rs. 4250 and then Rs. 4220 with a strict stop loss of Rs. 4340. 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

Domestic jeera markets remain stable at the weekend. Prices quoted unchanged in Unjha markets amidst mostly 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. Present weather conditions are good enough for crop developments and consequently have dampened the market sentiments. Fresh crop arrivals are expected to pick up during the later half of this month. 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. 8941.1 at the early hours of trade. The futures traded upwards thereafter on moderate buying support and tested an intraday high of Rs. 9047.9 to finish with some gains in late action. Most-active February contract traded in the range of Rs. 8941.1-9047.9 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 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 downwards and the %K-line has entered in the oversold region, hinting further downtrend. MACD is moving downwards in the positive territory, supporting the weakness. Prices closed below 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 close. 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	8831	8904	9001	9110	9182

TRADE RECOMMENDATION:

Buy NCDEX February Jeera near Rs. 8975-9000 with a target of Rs. 9075 and then Rs. 9100 with a strict stop loss of Rs. 8915. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1625-1675
	Ganesh	1680-1730
	Machine Cleaned	1780-1900

CARDAMOM

SPOT MARKETS:

No weekly auction was held on Saturday at ISMPCS, Pullianmala on the account of Pongal holiday. However, the cardamom spot prices firmed up slightly at major markets as the arrivals continued to decline at the major auction centres. Coupled with this is the continued domestic demand, particularly from the Pan Masala industries. With the reports that the Guatemalan cardamom, which is likely to hit Indian markets shortly, is of inferior grade, the industries have geared up to procure Indian cardamom at current high levels. Nearly 50-75 tonnes of Guatemalan cardamom have been imported and are awaiting its release if prices firms up further. Export remained thin this week at only 5-7 tonnes however the sales value has seen significant improvement. Prices are likely to sustain its steady to firm position as demand remains steady.

FUTURES MARKETS

Cardamom futures witnessed bullish sentiments at MCX. Cardamom February delivery futures contract opened steady at its near previous levels of Rs 395.10. However thereafter it never turned back and was traded in the higher territory throughout the session. The prices moved in the range of Rs 410-395.10 before it closed the session sharply up by Rs 12.50 at Rs 408.40.

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 rain and thundershowers are likely over coastal Tamil Nadu and Kerala. Prevailing dry and hot weather not congenial for yield as well as quality.

TECHNICALS

Cardamom futures are continuing its sideways movements. The prices closed above 9-days EMA, which hints for short-term firmness in the markets sentiments. Stochastic are positive in neutral region, whereas MACD is running flat in negative territory. The prices are likely to continue the renewed firmness.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX February	396	392	415	419

TRADE RECOMMENDATION:

Buy NCDEX February Cardamom above 405, with target of 412 and then 415, put stop loss below 401.

Centers	Prices/Kg (7mm)	Arrivals (Kg)
-	-	-

Disclaimer

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