

SPICES DAILY

February 19, 2007

TURMERIC

SPOT MARKETS:

Turmeric markets in Nizamabad and Erode remained closed on Saturday. Turmeric witnessed mixed trade for the last few days. Traders reported weak demand in the markets as the prime reason behind the rangebound trade in Nizamabad. However, situation in Erode turned bearish as huge arrivals kept on pressurising the market prices. Traders in these markets are eyeing increased arrivals in the week ahead that may put some more pressure on market prices. Arrivals from fresh harvest are expected to pick up in coming couple of weeks. Traders are expecting this year's crop size higher than year ago. Amid such circumstances, turmeric markets are likely to remain bearish in the coming days.

FUTURES MARKETS:

Turmeric futures at NCDEX opened marginally higher as compared to previous settlement and most-active April contract tested an intraday high of Rs. 2010 at the early hours of trading. Increased selling interest has pressurised the futures thereafter and the futures traded downwards to test an intraday low of Rs. 1993. The futures finished with marginal loss in final action. April contract traded in the range of Rs. 1993-2010 during Saturday's trade.

PRICE DRIVERS:

Bearish:

1. Fresh crop arrivals gaining momentum
2. Weather suitable for growth of crop
2. Increased selling interest in the markets

Bullish:

1. Moderate demand at lower price levels
2. Moderate demand from Northern India

Weather:

Mainly dry weather is likely over the producing region. Prevailing weather conditions are favourable for the crop at this time.

TECHNICALS

Candlesticks pattern indicates steady to weak opening and initial downtrend. Stochastic is moving downwards in the oversold region, indicating further downtrend. MACD is also moving downwards in the negative territory, supporting the weakness. 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 upwards movement later in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1963	1980	2001	2019	2036

TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 2007 with a target of Rs. 1990 and then Rs. 1985 with a strict stop loss at Rs. 2018. Trade cautiously with intra day outlook.

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

BLACK PEPPER

SPOT MARKETS

Black pepper markets remained steady at the weekend and finished the week at the same level as of last weekend. The short-term fundamentals are quite murky at present as traders reported no significant demand in the markets. However, arrivals were also negligible at this time. International buying was also not visible in the market as most of the importers are eyeing the Vietnam crop that would hit the market most likely during late March. Global pepper prices are expected to remain firm in the months ahead as decline in global pepper production amid increasing consumption would result into tight supply scenario. At the domestic front, black pepper production is also expected to decline. Black pepper prices are expected to remain firm in the coming days.

FUTURES MARKETS:

Black pepper futures at the NCDEX opened higher as compared to previous settlement and the most active March contract tested an intraday high of Rs. 12750 at the early hours of trade. Increased selling interest has pressurised the futures thereafter and the futures traded downwards to test an intraday low of Rs. 12613. The futures finished in negative territory in final action. Most active March contract traded in the range of Rs. 12613-12750 during Saturday's trade.

PRICE DRIVERS:

Bullish:

1. Global supplies are expected to remain tight during 2007
2. Most of the competitor countries are believed to have sold out major chunk of their stock in the recent bull-run
3. IPC estimates Vietnamese crop lower and expects only by March

Bearish:

1. Reduced buying support at the physical markets
2. No further freight subsidy for export

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 is moving upwards in the normal region, hinting further uptrend. MACD is moving downwards in the positive territory, supporting the weakness. Prices closed below the 9-day EMA, hinting weak prices in short-term. Volume has declined, while open interest has increased as compared to previous settlement. Black pepper futures are likely to trade moderately downwards following a steady to weak opening initially and upwards thereafter.

Pepper 0703(NCPEPH7)2007/02/17 - Daily B:12640.00 A:12654.00
O 12690.00 H 12750.00 L 12614.00 C 12640.00 V 8,358 I 17,050 -42
EMA(9) 12676 (18) 12609



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	12086	12353	12640	12971	13205

TRADE RECOMMENDATION:

Sell NCDEX March Pepper near Rs. 12650-12675 with a target at Rs. 12600 and then Rs. 12575 with a strict stop loss at Rs.12725. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 12400	35
	Ungarbled 11800	

RED CHILLIES

SPOT MARKETS

Domestic red chillies market in Guntur remained closed on Saturday. Chilli prices have improved slightly during the last few days as arrivals declined ahead of long weekend holidays. Traders reported some demand as the major reason behind the increase in prices. However, fresh crop arrivals are expected to gain further pace during coming couple of weeks and consequently adding to the bearishness. Chilli production this year is likely to be higher owing to more acreage under the crop. 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 high of Rs. 3858 at the early hours of trade. Increased selling interest has pressurised the futures thereafter and the futures traded downwards to test an intraday low of Rs. 3750. The futures finished near day's low in final action. March contract traded in the range of Rs. 3750-3858 during Saturday's trade.

PRICE DRIVERS:

Bullish:

1. Talks of prospective export demand
2. Chilli export has increased by 44 percent in value during Apr-Dec 2006

Bearish:

1. Forthcoming crop is expected good due to higher acreage
2. Crop arrivals in the market gaining momentum
3. Lacklustre demand in the markets

Weather:

Mainly dry weather over the chilli growing regions. Weather conditions are favourable for the crop at present.

TECHNICALS

Candlesticks pattern indicates weak opening and initial downtrend. Volume as well as 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 is moving indecisively in the oversold region. MACD is also moving flat in the negative territory. Red chillies futures are likely to trade downwards following a weak opening with possibility of upward movements later in the session.

CHLL334GTR 0703(NCGTRH7)2007/02/17 - Daily B:3755.00 A:3756.00
O 3841.00 H 3858.00 L 3752.00 C 3755.00 V 10,695 I 8,405 -98
EMA(9) 3911.2 (18) 4036.8



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	3609	3679	3755	3825	3895

TRADE RECOMMENDATION:

Sell NCDEX March Chilli near Rs. 3760-3775 with a target of Rs. 3700 and then Rs. 3675 with a strict stop loss of Rs. 3825. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	Loose (Good quality) Closed	-

JEERA (Cumin)

SPOT MARKETS

Domestic jeera markets witnessed a bullish trend during the weekend. It was quoted much higher in Unjha markets amidst higher offtake. Traders attributed improvement in domestic demand situation as the major supportive factor for the price rise. Crop arrivals from the fresh harvest are expected to pick up further during early March. Domestic production is estimated to have fallen this year owing to reduced acreage under the crop and unfavourable weather during the sowing season. Amid such circumstances, domestic jeera prices are likely to remain firm in short-term.

FUTURES MARKETS:

Jeera futures at the NCDEX opened higher as compared to previous settlement and the most active March contract tested an intraday low of Rs. 10100 at the opening session of trade. The futures surged up on increased buying interest and tested an intraday high of Rs. 10479 during late hours of trading. The futures finished near day's high in final action. Most active March contract traded in the range of Rs. 10100-10479 during Saturday's trade.

PRICE DRIVERS:

Bullish:

1. Estimations of lower acreage under jeera crop
2. New crop size expected to be lower than year ago
3. Export has increased by 199 percent in quantity terms during Apr-Dec 2006

Bearish:

1. Fresh arrivals started increasing in the market
2. Weak buying support at the physical markets

Weather:

Isolated rain/thundershower 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 slightly upwards in the overbought region, hinting further uptrend. MACD is moving upwards in the positive territory, supporting the firmness in the market. Prices closed above the 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 settlement. Jeera futures are likely to trade upwards following a firm opening with possibility of some downward movements early in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	9859	10072	10412	10709	10939

TRADE RECOMMENDATION:

Buy NCDEX March Jeera near Rs. 10350-10400 with a target of Rs. 10475 and then Rs. 10500 with a strict stop loss of Rs. 10275. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q 1900-1950	5500
	Ganesh 1960-2010	
	Machine Cleaned 2060-2090	

CARDAMOM

SPOT MARKETS

Cardamom prices maintained its steady position at major spot markets; however, it firmed up slightly at the auctions centres. Though the domestic buyers are not coming forward to purchase cardamom at current price levels, exporters continue to remain active at auction centres, thus pressurizing the prices further. Exporters have already shipped nearly 50 tonnes to Saudi and another 100 tonnes is expected till February end. The total arrivals at Saturday's auction at ISMPCS, Pullianmala stood at 10 tonnes. Farmers withdrew nearly 500 kgs as prices were quoted below their expectation. The average price hovered in the range of Rs 350-355 a kg, while the MCX grade fetched Rs 380-400 a kg. According to the trade sources, the cardamom will continue to trade on higher side as near drought situation prevails in Kerala, which accounts for 80% of cardamom production and production remains on lower side.

FUTURES MARKETS

Cardamom futures witnessed weak sentiments at MCX. Most active March contract opened firm by Rs 4.70 at Rs 471.80 against its previous close. However, increased selling pressure pulled the futures downwards throughout the session, testing the lows of Rs 463.10. Contract was traded in the narrow range of Rs 471.80-463.10 and finally settled in the negative territory of Rs 465.

PRICE DRIVERS

Bearish: 1. Guatemala's optimum carryover stock
2. Increasing Guatemala exports

Bullish:

1. Near drought situation in Kerala
2. Declining stocks
3. Rising demand from North India
4. Increasing overseas demand

WEATHER

Dry and warm weather conditions prevail over Kerala and Tamil Nadu regions. Weather is not so favourable for crop at this stage.

TECHNICALS

Candlesticks chart pattern reflects bearish sentiments. MACD is in positive region and moving downwards, which indicate that trend will continue. Prices closed below both 9 days and 18 days EMA. Stochastic favour the bears. The contract is most likely to trade downward following a steady to slightly firm opening.

CARDAMOM 0703(MXCAMH7)2007/02/17 - Daily B:464.70 A:465.00
O 471.80 H 471.80 L 463.10 C 465.00 V 2,009 T 93,384 I 3,251 -2.1



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX March	444	440	479	484

TRADE RECOMMENDATION:

SELL MCX March cardamom below Rs 468 with a target of Rs 456 with a strict stop loss at Rs 473. Trade cautiously with intra-day outlook.

Auction Centre	Prices/Kg (7mm)	Arrivals (Kg)
ISMPCS, Pullianmala	380-400	10,000

Disclaimer

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