

## SPICES DAILY

February 02, 2007

### TURMERIC

#### SPOT MARKETS:

Turmeric markets remained on an average steady to slightly firm during Thursday's trade. It was quoted slightly higher in Nizamabad markets amidst lower arrivals. However, prices were offered steady in Erode markets amidst improved offtake. Fresh crop arrivals are coming in the markets with mixed quality, wherein the inferior ones are fetching lower prices. Fresh crop arrivals are expected to get momentum in the coming days that would further pressurise the prices. Turmeric markets are likely to remain bearish on a better crop harvest outlook for the season.

#### FUTURES MARKETS:

Turmeric futures at NCDEX opened lower as compared to previous settlement and most-active April contract tested an intraday high of Rs. 2045 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. 2015. The futures finished in the negative territory in final action. April contract traded in the range of Rs. 2015-2045 during Thursday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Comfortable stock of turmeric in the market
2. Fresh crop arrivals increasing gradually
3. Weather suitable for growth of crop

##### Bullish:

1. Moderate demand amidst depleting stocks
2. Moderate demand from North India owing to winter season

#### Weather:

Isolated rain/thundershower 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 are moving downwards in the normal region, indicating further downtrend. 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 as well as open interest has declined 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 in the session.

Turmeric 0704(NCTMCJ7)2007/02/01 - Daily B:2024.00 A:2027.00  
O 2028.00 H 2045.00 L 2015.00 C 2026.00 V 10,880 I 25,740 -9  
EMA(9) 2035.8 (18) 2029.0



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1965	1998	2026	2056	2088

#### TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 2030 with a target of Rs. 2015 and then Rs. 2010 with a strict stop loss at Rs. 2040. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 2000	4000
	Gattah 1900	
Erode	Finger 2100-2200	5000-5500
	Gattah 2000-2100	

## BLACK PEPPER

### SPOT MARKETS

Black pepper markets witnessed a bearish trend during Thursday's trade. It was quoted lower by Rs. 300 per quintal in Kochi amidst no arrivals as well as offtake. Spot markets have witnessed a sharp rally in the recent past owing to improved demand scenario. Talks of removal of subsidy to pepper export has pressurised the market sentiments, however, no confirmation is received so far. The export story so far remains quite bright as India exported pepper worth Rs. 203 crore during April-December 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 March contract tested an intraday high of Rs. 13090 at the early hours of trade. Speculative selling gripped the market during late hours of trading and the futures breached 4 percent lower circuit level to test an intraday low of Rs. 12524. The futures finished just below the lower circuit level in late action. Most active March contract traded in the range of Rs. 12524-13390 during Thursday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Pepper export has increased by 100 percent to Rs. 203 crore during April-December 2006
2. Low stocks with competitors, lower global production
3. IPC estimates Vietnamese crop lower and expects only by early March

#### Bearish:

1. Reduced 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 steady to weak opening and initial downtrend. The %K-line has made a bearish crossover with the %D-line, hinting likely downward technical correction. MACD is moving indecisively 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 with possibility of upward movements later in the session.

Pepper 0703(NCPEPH7)2007/02/01 - Daily B:12645.00 A:12650.00  
O 13197.00 H 13389.00 L 12525.00 C 12645.00 V 48,368 I 12,687 -536

EMA(9) 12589 (18) 12262



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	11986	12266	12645	12968	13231

### TRADE RECOMMENDATION:

Sell NCDEX March Pepper near Rs. 12650 with a target at Rs. 12575 and then Rs. 12550 with a strict stop loss at Rs.12700. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 12200	Nil
	Ungarbled 11600	

## RED CHILLIES

### SPOT MARKETS

Red chillies market in Guntur remained steady during Thursday's trade. Traders attributed steady arrivals as well as offtake as the major reason behind the steadiness in chilli prices. Fresh crop arrivals are likely to pick up further in the coming month. Talks of lower Chinese crop and prospective export demand have to some extent helped to check the downtrend. Chilli export from the country has increased by 44 percent to Rs. 440 crore during April-Dec 2006. However, in quantity terms it has declined by 3 percent. Acreage under chilli this year is estimated to have doubled. With a bumper harvest outlook, prices are likely to remain moderately bearish to steady 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. 4570 at the early hours of trade. The futures traded downwards thereafter on increased selling interest and tested an intraday low of Rs. 4481. However, the futures managed to finish with marginal gains in final action. March contract traded in the range of Rs. 4481-4570 during Thursday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Talks of lower Chinese crop; 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 pace

### 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 uptrend. Volume as well as 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. The %K-line has just entered the overbought region, leaving scope for further uptrend. MACD is moving upwards in the positive territory, supporting the firmness. Red chillies futures are likely to trade upwards following a steady to firm opening with possibility of downward movements later in the session.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4291	4410	4519	4605	4724

### TRADE RECOMMENDATION:

Buy NCDEX March Chilli near Rs. 4490-4500 with a target of Rs. 4550 and then Rs. 4590 with a strict stop loss of Rs. 4440. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX quality)	20000
	LCA 334 (Bilty)	
	5800-6400	
	6400-7000	

## JEERA (Cumin)

### SPOT MARKETS

Jeera markets extended previous weakness further during Thursday's trade. It was offered at a lower price amidst higher arrivals. Fresh crop arrivals are increasing in the market and consequently the market sentiments. 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. Meanwhile, jeera exports have increased by 199 percent to 22000 tonnes and by 194 percent to Rs. 166 crore during Apr-Dec 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 lower as compared to previous settlement and the most active March contract tested an intraday high of Rs. 9358 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. 9102. The futures finished with significant losses in late action. Most active March contract traded in the range of Rs. 9102-9358 during Thursday's trade.

### PRICE DRIVERS:

#### Bullish:

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

#### Bearish:

1. Fresh arrivals started increasing, though in small quantity
2. Moderate stock position at the 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 steady to weak opening and initial downtrend. Stochastic is moving downwards in normal 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 has increased, while open interest has decline as compared to previous close. Jeera futures are likely to trade downwards following a steady to weak opening with possibility of some upward movements later in the session.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	8912	9004	9160	9265	9347

### TRADE RECOMMENDATION:

Sell NCDEX March Jeera near Rs. 9200 with a target of Rs. 9150 and then Rs. 9100 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	1710-1760
	Ganesh	1760-1810
	Machine Cleaned	1860-1880

## CARDAMOM

### SPOT MARKETS:

Cardamom spot prices continued its firmness during auction at STCL, Bodinayakannur on Thursday. Renewed export demand and strong buying interest pressurized the cardamom prices at both auction centres and major trading centres. The total arrivals at auction stood at 42 tonnes; however, with expectation of further strengthening of cardamom prices, farmers put nearly 4 tonnes on hold for next auction. The average prices hovered around Rs 325-330 a kg, while the 7mm MCX grade fetched the months high of Rs 400 a kg on exporters demand. Exporters bought around 5 tonnes to cater Middle East countries. Reducing arrivals and tightening stock position is likely to keep the cardamom prices on higher side in coming days.

### FUTURES MARKETS

MCX Cardamom futures witnessed firm sentiments with bullish tone. Cardamom February contract opened steady at Rs 444 against its near previous levels of Rs 444.10. Contract was traded in the higher territory on strong buying support, testing the months high of Rs 460.50. Futures hovered in the range of Rs 460.50- 444 and finally settled in the positive territory at Rs 456.40.

### PRICE DRIVERS

**Bearish:** 1. Release of Guatemalan cardamom  
2. Increasing Guatemala exports

**Bullish:**  
1. Declining arrivals  
2. Rising demand from North India  
3. Increasing overseas demand

### WEATHER

Isolated rainfall is likely in Kerala and Tamil Nadu region. Weather conditions favour the cardamom crop.

### TECHNICALS

Candlesticks chart pattern reflects bullish sentiments. MACD is in positive region and moving upwards. Prices closed above both the 9 days EMA and 18 days EMA. Stochastic favours the bulls. The contract is most likely to trade upward following a steady to slightly firm opening.



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX February	446	437	463	470

### TRADE RECOMMENDATION:

BUY MCX February cardamom above Rs 453 with a target of Rs 460 with a strict stop loss at Rs 448. Trade cautiously with intra-day outlook.

Auction Centre	Prices/Kg (7mm )	Arrivals (Kg )
STCL, Bodinayakannur	400	42,000

#### Disclaimer

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