

## SPICES DAILY

February 07, 2007

### TURMERIC

#### SPOT MARKETS:

Turmeric markets witnessed a firm trend during Tuesday's trade. It was quoted higher in Nizamabad amidst improved demand situation, while reduced arrivals pushed up price in Erode. Fresh crop arrivals are coming in the markets with mixed quality, wherein the inferior ones with higher moisture contents are fetching lower prices. Fresh crop arrivals are expected to get momentum in the coming couple of weeks that would further pressurise the prices. Turmeric markets are likely to remain moderately bearish on a better crop harvest outlook for the season. However, some short-term firmness is expected on improved demand.

#### FUTURES MARKETS:

Turmeric futures at NCDEX opened higher as compared to previous settlement and most-active April contract tested an intraday low of Rs. 2031 at the opening session of trading. The futures traded upwards thereafter on increased buying interest and tested an intraday high of Rs. 2069. The futures finished with significant gains in final action. April contract traded in the range of Rs. 2031-2069 during Tuesday'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:

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 firm opening and initial uptrend. Stochastic are moving upwards in the normal region after a bullish crossover. MACD is also moving flat in the positive territory. 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. Turmeric futures are likely to trade upwards following a steady to firm opening with possibility of downwards movement later in the session.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	2022	2040	2059	2085	2103

#### TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 2050 with a target of Rs. 2065 and then Rs. 2075 with a strict stop loss at Rs. 2038. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger	2050	7000
	Gattah	1950	
Erode	Finger	2075-2175	5000
	Gattah	2025-2125	

## BLACK PEPPER

### SPOT MARKETS

Black pepper markets remained stable on Tuesday. It was offered at an unchanged price in Kochi amidst arrivals as well as offtake of 56 Mt. According to a recent notification by the Spices Board of India regarding the WTO Compatible subsidy on export of pepper/pepper products, the Board has already received applications for subsidy on pepper exports for a quantity of 20000 MT which is the upper limit upto which pepper exporters are eligible for the freight subsidy. Therefore, no more applications in this regard from the exporters will be accepted. Notably, India has already exported pepper worth Rs. 203 crore during April-December 2006 achieving the target of set quantity as well.

### FUTURES MARKETS:

Black pepper futures at the NCDEX opened slightly higher as compared to previous settlement and the most active March contract tested an intraday high of Rs. 12838 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. 12681. The futures recovered back and finished in positive territory in late action. Most active March contract traded in the range of Rs. 12681-12838 during Tuesday'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 markets
2. No further freight subsidy for pepper 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 firm opening and initial uptrend. Stochastic is moving downwards in the normal region, hinting further downtrend. MACD is also moving downwards in the positive territory. 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 a steady to firm opening with possibility of some late downward movements.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	12354	12564	12806	13090	13318

### TRADE RECOMMENDATION:

Buy NCDEX March Pepper near Rs. 12750 with a target at Rs. 12875 and then Rs. 12950 with a strict stop loss at Rs.12650. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Tonnes)
Kochi	Garbled	12300	56
	Ungarbled	11700	

## RED CHILLIES

### SPOT MARKETS

Red chillies market in Guntur remained bearish during Tuesday's trade. Fresh crop arrivals in the market are gaining momentum and consequently has pressurised the market sentiments. Fresh crop arrivals are expected to gain further momentum during the later half of the month. Traders reported dull demand at present in the market. Chilli export from the country has increased by 44 percent to Rs. 440 crore during April-Dec 2006 owing to higher prices prevailing at that time. However, in quantity terms it has declined by 3 percent. 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. 4266 at the early hours of trade. Increased selling interest has pressurised the futures thereafter and the futures tested an intraday low of Rs. 4152 only to recover back again. The futures finished with marginal gain in late action. March contract traded in the range of Rs. 4152-4266 during Tuesday'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 has declined, while open interest has increased considerably 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 downwards in the normal region, hinting further downtrend. MACD is moving downwards in the positive territory, supporting the weakness. Red chillies futures are likely to trade upwards following a steady to firm opening with possibility of some downward movements later in the session.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4014	4119	4230	4366	4478

### TRADE RECOMMENDATION:

Buy NCDEX March Chilli near Rs. 4175-4200 with a target of Rs. 4250 and then Rs. 4275 with a strict stop loss of Rs. 4125. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX quality) 5000-6000	35000-40000
	LCA 334 (Bilty) 5600-6500	

## JEERA (Cumin)

### SPOT MARKETS

Jeera markets maintained its previous steadiness during Tuesday's trade. It was quoted unchanged in Unjha amidst slightly higher arrivals and steady offtake. Fresh crop arrivals are increasing in the market and consequently pressurising the market sentiments. Fresh crop arrivals are likely to pick up further during the next couple of weeks 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-December 2006. Domestic jeera prices are likely to consolidate 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. 9270 at the early hours of trade. Increased buying interest has supported the futures thereafter and the futures surged up to test an intraday high of Rs. 9481. The futures finished near day's high in late action. Most active March contract traded in the range of Rs. 9270-9481 during Tuesday'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 firm opening and initial uptrend. Stochastic is moving upwards after a bullish crossover, hinting further uptrend. MACD is also moving slightly upwards in the negative 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 close. Jeera futures are likely to trade upwards following a firm opening with possibility of some downward movements later in the session.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	9265	9373	9480	9605	9700

### TRADE RECOMMENDATION:

Buy NCDEX March Jeera near Rs. 9475 with a target of Rs. 9550 and then Rs. 9575 with a strict stop loss of Rs. 9425. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q 1700-1750	4000
	Ganesh 1750-1800	
	Machine Cleaned 1850-1870	

## CARDAMOM

### SPOT MARKETS:

Cardamom spot prices continued to rule firm at higher levels at major trading centres. With harvesting season at fag end and stock position remaining weak, buyer interest has kept the cardamom prices bullish at both auctions and spot markets as well. At the Tuesday's auction at HSPL, Nedumkandam, the total arrivals, consisting mainly of old stock, stood at 30 tonnes. However, with anticipation of further rise in prices, farmers withdrew nearly 2 tonnes. The average prices jumped to the seasons best at Rs 365 a kg level, while the MCX grade 7mm also fetched around Rs 385-390 a kg. Emerging drought situation in Kerala, reduction in current year's global production and increasing demand from both domestic and overseas markets are likely to keep the firmness in cardamom.

### FUTURES MARKETS

Cardamom futures witnessed weak sentiments with bearish undertone at MCX. Cardamom February contract opened slightly firm by Rs 1.80 at Rs 454.90 against its previous close of Rs 453.10. Initially contract was traded downwards, testing the lows of Rs 446.50, however, it recovered marginally on increasing buying support at lower levels. Cardamom futures hovered in the range of Rs 455-446.50 and finally settled in the negative territory of Rs 452.40.

### PRICE DRIVERS

**Bearish:**

1. Guatemala's carry over stock
2. Increasing Guatemala exports

**Bullish:**

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

### WEATHER

Dry and warm weather conditions prevail over Kerala and Tamil Nadu regions. Weather not much favourable at this stage.

### TECHNICALS

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



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX February	444	440	466	470

### TRADE RECOMMENDATION:

BUY MCX February cardamom above Rs 451 with a target of Rs 459 with a strict stop loss at Rs 446. Trade with intraday outlook.

Auction Centre	Prices/Kg (7mm )	Arrivals (Kg )
HSPL, Nedumkandam	385-390	30,000

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