

## SPICES DAILY

February 17, 2007

### TURMERIC

#### SPOT MARKETS:

No trading activity took place in turmeric at both Nizamabad and Erode as markets remained closed on account of Mahashivratri holiday. However, arrivals from the fresh harvest are gaining momentum in the markets and consequently adding to the bearish market sentiments these days. Arrivals are expected to gain further pace in coming couple of weeks that would further pressurise the prices. Traders are expecting this year's crop size higher than year ago. Turmeric markets are likely to remain bearish on a better crop outlook for the season. Meanwhile, the TNAU's market intelligence cell has cautioned the growers to reduce the acreage during the forthcoming season as turmeric is hitting the trough of five-year price cycle this year.

#### FUTURES MARKETS:

Turmeric futures at NCDEX opened steady. The most active April contract opened at its near previous levels of Rs. 2008. Initially futures were traded upwards on increased buying interest, testing the highs of Rs. 2014. However increased selling pressure pulled the futures to trade downwards. Futures recovered marginally on buying support at lower levels during session end, however, closed in the negative territory of Rs. 2005. Futures traded in the range of Rs. 2014-1995.

#### PRICE DRIVERS:

##### Bearish:

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

##### Bullish:

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

#### Weather:

Dry and warm weather remains favourable for harvesting of turmeric in A.P. Maharashtra and T.N.

#### TECHNICALS

Turmeric is continuing its sideways movement. The prices closed below short term EMAs, which indicate weakness in the market. MACD is showing increase in bearish momentum, whereas Stochastic is negative in oversold region. The prices might continue to remain on the softer side.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1965	1985	2005	2030	2050

#### TRADE RECOMMENDATION:

Sell NCDEX April contract below 2012 with target of 1995 and then 1990. Put SL at 2022. Trade cautiously with intra day outlook. Trade cautiously with intra day outlook.

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

## BLACK PEPPER

### SPOT MARKETS

Black pepper markets remained closed on Friday on account of Mahashivratri holiday. However, black pepper has witnessed firmness recently due to poor arrivals and offtake. Traders reported lacklustre demand in the market behind the recent decline in pepper prices. Spices Board has already notified that no more applications for availing freight subsidy from the exporters will be accepted as the upper limit has been reached. 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. Black pepper prices are likely to consolidate in short-term in domestic front.

### FUTURES MARKETS

Black pepper futures at the NCDEX opened weak. The most active March contract opened slightly weak by Rs 15 at Rs 12785 against its previous close of Rs 12800. Increased selling pressure pulled the futures to trade downwards, testing the intra-day low of Rs. 12620. The futures hovered in the range of Rs 12818-12620 and finally settled in the negative territory by losing 1.15% at Rs. 12655. Volumes declined significantly while open interest declined slightly.

### 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 pepper export

### Weather

Mainly dry weather over the pepper-growing regions. Present weather conditions are favourable for the pepper crop at this time.

### TECHNICALS

Pepper futures are trading sideways these days with a huge volatility. The prices closed below short term EMAs, which indicate weakness in the market. MACD is showing decrease in bullish momentum, whereas Stochastic is positive in neutral region. The prices might remain range bound on the softer side.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	12350	12440	12665	12937	13095

### TRADE RECOMMENDATION:

Sell NCDEX March Pepper near Rs. 12734 with a target at Rs. 12570 and then Rs. 12520 with a strict stop loss at Rs.12835. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Tonnes)
Kochi	Garbled	N.A	—
	Ungarbled	N.A	

## RED CHILLIES

### SPOT MARKETS

Red chillies market in Guntur remained closed on Friday due to Mahashivratri holiday. The prices have firmed up during last two days, as arrivals remained poor on account Mahashivratri holiday. However, as per market sources, with fresh crop arrivals expected to gain further pace during coming couple of weeks, prices are likely to fall by Rs 300-400 per qtl. Meanwhile, 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 opened weak at NCDEX. The most active March contract opened weak at Rs. 3875 against its previous close of Rs. 3893. March contract was traded rangebound on bearish sentiments throughout the session. Selling pressure at lower levels pulled the futures to witness the intraday low of Rs. 3832. March contract hovered in the range of Rs. 3894-3832 and settled in the negative territory of Rs. 3847

### 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

### Weather:

Mainly dry weather over the chilli growing regions. Weather conditions are favourable for harvesting and drying of crop.

### TECHNICALS

Chilli futures continue to move sideways with slight bearish inclination. The prices closed below short term EMAs, which indicate weakness in the market. MACD is running flat in negative territory, whereas Stochastic is positive in oversold region. The prices are likely to remain range bound with bearish inclination.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	3695	3768	3847	3965	4007

### TRADE RECOMMENDATION:

Sell NCDEX March Chilli contract below 3870 with target of 3825 and then 3800. Put SL at 3895. Trade cautiously with intra day outlook.

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

## JEERA (Cumin)

### SPOT MARKETS

Unjha market remained closed on account of Mahashivratri holiday. However, jeera spot markets continued to witness firm trend at Delhi market during Friday's trade. It was quoted on an average higher amidst higher offtake. Traders attributed improvement in demand situation and shortfall in production as the major supportive factor for the price rise. Crop arrivals from the fresh harvest are expected to pick up further during early March. Present weather conditions are also favourable for the harvesting and arrivals of jeera crop. 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 remain firm in short-term.

### FUTURES MARKETS

NCDEX Jeera futures opened steady. The most active March contract opened steady after yesterday's upper circuit at Rs. 10065. Initially futures were traded downwards on increasing selling pressure, testing the lows of Rs. 9926. However, increased buying interest at lower level pushed the prices thereafter to close the session in the positive territory at Rs. 10080. Futures hovered in the range of Rs. 10137-9926.

### PRICE DRIVERS

#### Bullish:

1. Estimations of lower acreage under jeera
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 however not much concerning for the crop at this stage.

### TECHNICALS

Jeera futures are continuing the upward rally. The prices closed well above EMAs, which shows firmness in the market. MACD is running upwards in positive zone, which indicates increasing bullish momentum. Dragonfly doji pattern of candlestick however shows indecision at higher levels. Whereas, oversold levels of stochastic warrants some caution on the part of bulls. The prices might test some higher levels; caution is suggested.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	9805	9859	10080	10168	10257

### TRADE RECOMMENDATION:

Risk lovers can Buy NCDEX March Jeera contract above 10000 with target of 10130. Put SL at 9930. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.		Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	N.A	—
	Ganesh	N.A	
	Machine Cleaned	N.A	

## CARDAMOM

### SPOT MARKETS

Export demand continued to pressurize the cardamom prices at auctions as they witnessed slightly recovery from yesterday. Exporters have already bought around 50 tonnes at various auctions on increasing exports enquiries and nearly 100 tonnes is likely to be exported by February end. The increased offloading at auctions coupled with reluctance of north Indian buyers to purchase cardamom at higher prices led to easing of prices and sluggishness in market during last week. Arrivals at Friday's auction at Mass Enterprises, Vandanmedu stood at 20 tonnes. The average prices stood at Rs 360 a kg against last week's Rs 350 a kg, while the 7mm MCX grade was traded in the range of Rs 385-395 a kg. According to trade sources, with festive season ahead and heavy overseas demand along with reduction in global output prices are likely to gain momentum in coming days.

### FUTURES MARKETS

MCX Cardamom futures witnessed firm sentiments except for February contract, which missed the lower circuit. Increased selling pressure pulled the futures to expire Rs 24 down at Rs 415. Most active March contract opened slightly firm by Rs 1.60 at Rs 477. Increased buying interest pushed the futures to trade on the higher side and gained Rs 4.40 throughout the day. The futures hovered in the range of Rs 483-472.70 and finally settled in the positive territory of Rs 479.80.

### PRICE DRIVERS

**Bearish:** 1. Guatemala's optimum carryover stock  
2. Increased offloading at auctions

**Bullish:**  
1. Near drought situation in Kerala  
2. Declining stocks  
3. Increasing overseas demand

### WEATHER

Dry and warm weather conditions prevailing over Kerala and Tamil Nadu is not favourable for crop.

### TECHNICALS

Candlesticks chart pattern reflects bearish sentiments. MACD is in positive region and moving downwards this indicates that trend will continue. Prices closed below both the 9 days EMA and 18 days EMA. Stochastic favours the bulls. The contract is most likely to trade downward following a steady to slightly weak opening.



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX March	451	448	476	480

### TRADE RECOMMENDATION:

**SELL** MCX March cardamom below Rs 470 with a target of Rs 462 and then Rs 458, with a strict stop loss at Rs 475. Trade cautiously with intra-day outlook.

Auction Centre	Prices/Kg (7mm )	Arrivals (Kg )
Mass Enterprises, Vandanmedu	385-395	20,000

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