

SPICES DAILY

February 20, 2007

TURMERIC

SPOT MARKETS:

Turmeric markets remained on an average bearish at the start of this week. Prices were quoted lower in Nizamabad amidst moderately higher arrivals, while huge inflow of fresh crops pulled down prices in Erode. Traders in these markets are eyeing increased arrivals in the days 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 lower as compared to previous settlement and most-active April contract tested an intraday high of Rs. 2009 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. 1973. The futures finished in negative territory in final action. April contract traded in the range of Rs. 1973-2009 during Monday's trade.

PRICE DRIVERS:

Bearish:

1. Fresh crop arrivals gaining momentum
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	1932	1950	1988	2016	2036

TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 1990 with a target of Rs. 1975 and then Rs. 1960 with a strict stop loss at Rs. 2005. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger	1925	4000
	Gattah	1825	
Erode	Finger	2000-2100	15000
	Gattah	1950-2050	

BLACK PEPPER

SPOT MARKETS

Black pepper markets remains volatile at the start of the week and prices were quoted higher over 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 that supported the prices. 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 lower as compared to previous settlement and the most active March contract tested an intraday low of Rs. 12640 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. 13099. Profit taking capped further advances and the futures lost some gains only to finish higher. Most active March contract traded in the range of Rs. 12640-13099 during Monday'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 firm opening and initial uptrend. Stochastic is moving upwards in the normal region, hinting further uptrend. 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 has increased, while open interest has declined as compared to previous settlement. Black pepper futures are likely to trade upwards following a steady to firm opening with possibility of some downward movements later in the session.

Pepper 0703(NCPEPH7)2007/02/19 - Daily B:12861.00 A:12865.00
O:12655.00 H:13099.00 L:12640.00 C:12865.00 V:25,317 I:16,839 +225



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	12354	12529	12865	13213	13389

TRADE RECOMMENDATION:

Buy NCDEX March Pepper near Rs. 12800-12850 with a target at Rs. 12950 and then Rs. 13000 with a strict stop loss at Rs.12700. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 12500	17
	Ungarbled 11900	

RED CHILLIES

SPOT MARKETS

Domestic red chillies market in Guntur remained bearish during Monday's trade. Huge inflow of fresh crops after the long weekend holidays has pressurised the market prices. Traders reported no significant demand to overshadow the supply pressure. Fresh crop arrivals are expected to gain further pace during coming couple of weeks and consequently would put some more pressure on the prices. 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 higher than previous settlement and most-active March contract tested an intraday low of Rs. 3710 at the early hours of trade. Increased buying interest at the lower price levels has supported the futures thereafter and the futures traded upwards to test an intraday high of Rs. 3874. The futures finished with significant gain in final action. March contract traded in the range of Rs. 3710-3874 during Monday'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 steady to firm opening and initial uptrend. 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 upwards following a steady to firm opening with possibility of downward movements later in the session.

CHLL334GTR 0703(NCGTRH7)2007/02/19 - Daily B:3820.00 A:3844.00
O 3780.00 H 3873.00 L 3715.00 C 3825.00 V 11,855 I 9,200 +70
EMA(9) 3893.0 (18) 4014.2



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	3618	3715	3825	3976	4077

TRADE RECOMMENDATION:

Sell NCDEX March Chilli near Rs. 3875 with a target of Rs. 3800 and then Rs. 3775 with a strict stop loss of Rs. 3925. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	Loose (Good quality) 4000-4400	70000

JEERA (Cumin)

SPOT MARKETS

Domestic jeera markets extended previous advances further during Monday's trade. It was offered at a higher price as improved offtake offset higher arrivals in the markets. 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. 10469 at the opening session of trade. The futures surged up on increased buying interest and tested an intraday high of Rs. 10980. Profit taking curbed some advances, but the futures settled with significant gains in late action. Most active March contract traded in the range of Rs. 10469-10980 during Monday'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 steady to firm opening and initial uptrend. Stochastic is moving 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 as well as open interest has declined as compared to previous settlement. Jeera futures are likely to trade upwards following a steady to firm opening with possibility of some downward movements early in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	10315	10541	10727	11000	11219

TRADE RECOMMENDATION:

Buy NCDEX March Jeera near Rs. 10700 with a target of Rs. 10800 and then Rs. 10850 with a strict stop loss of Rs. 10625. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q 1920-1970	9000
	Ganesh 1980-2030	
	Machine Cleaned 2080-2110	

CARDAMOM

SPOT MARKETS

Cardamom prices recover marginally at the Monday's auction at CPA, Bodinayakannur. However, spot market continued its steady position amidst poor demand from stockists. Though the domestic buyers are not interested to purchase cardamom at current price levels, increasing export demand, however have restricted the price fall. Exporters have already shipped nearly 50 tonnes to Saudi and another 100 tonnes is expected till February end. The total arrivals at Monday's auction stood at 18 tonnes. Farmers withdrew nearly 500 kgs as prices were quoted below their expectation. The average price hovered in the range of Rs 330-335 a kg, while the MCX grade fetched Rs 380-390 a kg. According to the trade sources, with festive season ahead and near drought situation prevailing in Kerala, which accounts for 80% of cardamom production, cardamom is likely to trade on higher side.

FUTURES MARKETS

Cardamom Futures witnessed bullish sentiments at MCX. Cardamom March contract opened slightly weak by Rs 1.40 at Rs 463.40 against its previous close of Rs 464.80. Initially increased selling pressure pulled the futures to trade downwards on bearish sentiments, testing the lows of Rs 456.50. Futures hovered in the range of Rs 467.80-456.50 and settled in the positive territory of Rs 466.20.

PRICE DRIVERS

Bearish:

1. Guatemala's optimum carryover stock
2. Subdued domestic demand

Bullish:

1. Near drought situation in Kerala
2. Declining stocks
3. Fall in global production
4. Increasing overseas demand

WEATHER

Isolated showers observed in Nilgiris and Coastal Kerala. However, dry and warm weather conditions prevailing over Kerala and Tamil Nadu regions is not so favourable for crop at this stage.

TECHNICALS

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

CARDAMOM 0703(MXCAMH7)2007/02/19 - Daily B:466.20 A:466.50
O 463.40 H 467.80 L 456.50 C 466.20 V 2,748 T 107,346 I 3,376 +1.2
EMA(9) 473.33 (18) 473.67



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX March	456	451	480	484

TRADE RECOMMENDATION:

BUY MCX March cardamom above Rs 463 with a target of Rs 470 and then Rs 473, with a strict stop loss at Rs 458. Trade cautiously with intra-day outlook.

Auction Centre	Prices/Kg (7mm)	Arrivals (Kg)
CPA, Bodinayakannur	380-390	18,000

Disclaimer

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