

SPICES DAILY

February 06, 2007

TURMERIC

SPOT MARKETS:

Turmeric markets maintained previous steadiness at the start of the week. It was offered at an unchanged price in Erode amidst steady arrivals as well as offtake. Despite higher arrivals in Nizamabad, prices remained steady as against previous weekend. Traders reported weak demand at present. 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.

FUTURES MARKETS:

Turmeric futures at NCDEX opened lower as compared to previous settlement and most-active April contract tested an intraday high of Rs. 2033 at the opening session of trading. The futures traded downwards thereafter on increased selling interest and tested an intraday low of Rs. 2019. The futures recovered back again only to finish with some losses. April contract traded in the range of Rs. 2019-2033 during Monday'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 opening and initial uptrend. Stochastic are moving indecisively in the normal region. MACD is also moving flat in the positive territory. Prices closed above the 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 moderately upwards following a steady opening with possibility of downwards movement later in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	1998	2015	2030	2044	2062

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric near Rs. 2030 with a target of Rs. 2040 and then Rs. 2045 with a strict stop loss at Rs. 2022. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger 2000	6000
	Gattah 1900	
Erode	Finger 2050-2150	7000-7500
	Gattah 2000-2100	

BLACK PEPPER

SPOT MARKETS

Black pepper markets remained bearish at the start of the week. It was offered at a lower price in Kochi amidst arrivals as well as offtake of 45 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 lower as compared to previous settlement and the most active March contract tested an intraday high of Rs. 12910 at the opening session of trade. Increased selling interest has pressurised the futures thereafter and the futures traded downwards to test an intraday low of Rs. 12625. The futures recovered some of the losses, but finished in negative territory in late action. Most active March contract traded in the range of Rs. 12625-12910 during Monday'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 weak opening and initial downtrend. 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 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 initially with possibility of some late downward movements.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	12266	12477	12730	12985	13213

TRADE RECOMMENDATION:

Buy NCDEX March Pepper near Rs. 12650 with a target at Rs. 12800 and then Rs. 12850 with a strict stop loss at Rs.12550. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 12300	45
	Ungarbled 11700	

RED CHILLIES

SPOT MARKETS

Red chillies market in Guntur witnessed a highly bearish sentiment at the start of the week. Huge fresh crop arrivals in the market has pressurised the market sentiments. Fresh crop arrivals are expected to gain further momentum during the later half of the month and consequently adding to the bearishness. 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. 4478 at the opening session of trade. Increased speculative selling has pressurised the futures throughout the day and the futures tested 6 percent lower circuit level at close. March contract traded in the range of Rs. 4224-4478 during Monday'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 weak opening and initial downtrend. Volume as well as 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 downwards following a weak opening with possibility of some upward movements later in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	4000	4112	4224	4321	4433

TRADE RECOMMENDATION:

Sell NCDEX March Chilli near Rs. 4225-4250 with a target of Rs. 4150 and then Rs. 4125 with a strict stop loss of Rs. 4300. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334 (loose) (NCDEX quality) 5100-6100	50000-55000
	LCA 334 (Bilty) 5700-6600	

JEERA (Cumin)

SPOT MARKETS

Jeera markets maintained its previous steadiness at the start of the week. It was quoted unchanged in Unjha amidst 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. 9205 at the early hours of trade. Increased buying interest has supported the futures thereafter and the futures traded upwards to test an intraday high of Rs. 9310. The futures finished near day's high in late action. Most active March contract traded in the range of Rs. 9205-9310 during Monday'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 firm opening and initial uptrend. The %K-line is about top make a bullish crossover with the %D-line, hinting further uptrend. MACD is moving flat in the negative territory. Prices closed below 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 close. Jeera 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	9117	9194	9280	9424	9501

TRADE RECOMMENDATION:

Buy NCDEX March Jeera near Rs. 9250 with a target of Rs. 9325 and then Rs. 9350 with a strict stop loss of Rs. 9200. Trade cautiously with intra day outlook.

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

CARDAMOM

SPOT MARKETS:

Cardamom prices maintained its firmness at major spot markets on the back of heavy domestic demand and increasing buying support. Declining arrivals, reduction in global output, negligible carry over stocks and improving demand has led to head to mouth situation in cardamom stocks. Meanwhile, the arrivals during Monday's auction at CPA, Bodinayakannur remained steady at 15 tonnes; however average prices improved from Rs 290 level to Rs 330 level. MCX grade cardamom was also quoted at Rs 370-375 level against last weeks Rs 360. According to market sources, prices are likely to improve further in the coming days, as drought situation continue to affect the crop prospects in Kerala region and stock position remaining tight.

FUTURES MARKETS

Cardamom futures witnessed weak sentiments with bearish undertone at MCX. Cardamom February contact opened weak by Rs 1.90 at Rs 454 against its previous close. Initially the contract was traded upwards, testing the highs of Rs 457.90, however, on increasing selling pressure futures were traded downwards thereafter with bearish undertone. Cardamom futures hovered in the range of Rs 457.90-449 and finally settled in the negative territory of Rs 453.

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
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 indecisive 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	446	444	465	467

TRADE RECOMMENDATION:

BUY MCX February cardamom above Rs 451 with a target of Rs 460 with a strict stop loss at Rs 446. Trade with intraday outlook.

Auction Centre	Prices/Kg (7mm)	Arrivals (Kg)
CPA, Bodinayakannur	370-375	15,000

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