

SPICES DAILY

February 13, 2007

TURMERIC

SPOT MARKETS:

Turmeric markets remained on an average steady during Monday's trade. It was offered at an unchanged price range in Nizamabad and Erode, despite some higher inflow of fresh crop in the markets. Fresh crop arrivals are gradually gaining momentum and consequently adding to the bearish market sentiments. 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 harvest outlook for the season.

FUTURES MARKETS:

Turmeric futures at NCDEX opened marginally higher as compared to previous settlement and most-active April contract tested an intraday high of Rs. 2043 at the opening session of trading. Increased selling interest has pressurised the futures thereafter and the futures traded downwards to test an intraday low of Rs. 1990. The futures finished with significant loss in final action. April contract traded in the range of Rs. 1990-2043 during Monday's trade.

PRICE DRIVERS:

Bearish:

1. Comfortable stock of turmeric in the market
2. Fresh crop arrivals gaining momentum in the markets
3. Weather suitable for growth of crop

Bullish:

1. Moderate demand amidst depleting stocks
2. Moderate demand from North 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. After a bearish crossover, stochastic is 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 as well as 18-day EMA, hinting weak prices in short-term. Volume as well as open interest has increased, strengthening the bearish trend. Turmeric 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 April	1936	1960	2004	2025	2050

TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 2010-2015 with a target of Rs. 1990 and then Rs. 2085 with a strict stop loss at Rs. 2030. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger	1950	7000
	Gattah	1850	
Erode	Finger	2050-2175	6500-7000
	Gattah	2050-2125	

BLACK PEPPER

SPOT MARKETS

Black pepper markets extended previous weakness further during Monday's trade. It was quoted lower by Rs. 200 per quintal in Kochi amidst arrivals as well as offtake of 30 MT. 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. Notably, India has already exported pepper worth Rs. 203 crore during April-December 2006 achieving the target of set quantity as well. Black pepper prices are likely to consolidate in short-term.

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. 12735 at the opening session of trade. Increased selling interest has pressurised the futures thereafter and the futures slide to test an intraday low of Rs. 12302. The futures finished with significant losses in final action. Most active March contract traded in the range of Rs. 12302-12735 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, 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. Black pepper 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	11846	12109	12375	12564	12792

TRADE RECOMMENDATION:

Sell NCDEX March Pepper near Rs. 12375 with a target at Rs. 12300 and then Rs. 12275 with a strict stop loss at Rs.12425. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 12200	30
	Ungarbled 11600	

RED CHILLIES

SPOT MARKETS

Red chillies market in Guntur maintained previous weakness during Monday's trade. Chilli prices have declined considerably recently as fresh crop arrivals in the market are gaining momentum. Fresh crop arrivals are expected to gain further pace during coming couple of weeks 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 low of Rs. 3761 at the opening session of trade. Increased buying interest at the lower price level has supported the futures throughout the day and the futures surged up to test an intraday high of Rs. 3947. The futures finished with significant gain in final action. March contract traded in the range of Rs. 3761-3947 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

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 about to make an upward move in the oversold region, hinting likely upward technical correction soon. MACD is moving downwards in the negative 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	3602	3723	3898	4063	4174

TRADE RECOMMENDATION:

Buy NCDEX March Chilli near Rs. 3875 with a target of Rs. 3950 and then Rs. 3975 with a strict stop loss of Rs. 3825. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	Loose (NCDEX quality)	4500-5000	50000

JEERA (Cumin)

SPOT MARKETS

Jeera markets remained steady in Unjha at the start of the week. Prices were quoted unchanged amidst steady arrivals and higher offtake. Fresh crop arrivals are gaining momentum in the market, but improved demand is supporting 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 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. 9555 at the early hours of trade. Increased buying interest supported the futures thereafter and the futures surged up to test an intraday high of Rs. 9778 during late hours of trading. The futures finished at day's high in final action. Most active March contract traded in the range of Rs. 9555-9778 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 in the market
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 and has just entered the oversold region, hinting further uptrend. MACD is moving upwards in the positive territory, supporting the firmness. 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 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	9557	9646	9778	9913	10000

TRADE RECOMMENDATION:

Buy NCDEX March Jeera near Rs. 9775-9800 with a target of Rs. 9850 and then Rs. 9875 with a strict stop loss of Rs. 9725. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q	1780-1830
	Ganesh	1830-1880
	Machine Cleaned	1930-1950
		3500-4000

CARDAMOM

SPOT MARKETS

Cardamom prices witnessed stood steady at major auction and trading centres amid increased release of stocks by farmers. However, with dry and hot weather looming over major cardamom growing regions and reported fall in global cardamom production from estimated 35,000 tonnes to 28,000 tonnes for 2006-07, prices are likely to recover in long term. With cardamom prices reaching the new peaks, farmers increased offloading led to selling pressure bringing slight fall in prices. The total arrivals at Monday's auction at CPA, Bodinayakannur stood at 17.5 tonnes. Farmers withdrew nearly 1.5 tonnes with anticipation of further enhancement in prices. The average price stood at Rs 305 a kg, while the MCX grade fetched Rs 370-375 a kg. According to the auctioneers, the cardamom is likely to trade on higher side as near drought situation prevails in Kerala and stock position remains tight in northern markets.

FUTURES MARKETS

Cardamom futures witnessed weak sentiments at MCX. Cardamom March contract opened gap down by Rs 5 at Rs 470 against its previous close. Increased selling pressure pulled the futures downwards throughout the session, testing the lows of Rs 461.20. Contract was traded in the range of Rs 474.80-461.20 and finally settled in the negative territory of Rs 462.60 losing around 2.60%.

PRICE DRIVERS

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

Bullish:

1. Near drought situation in Kerala
2. Declining stocks
3. Rising demand from North India
4. 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 the trend will continue. Prices closed below both the 9 days and 18 days EMA. Stochastic favour the bears. The contract is most likely to trade downward following a steady to slightly weak opening.

CARDAMOM 0703(MXCAMH7)2007/02/12 - Daily B:462.50 A:462.80
O 470.00 H 474.40 L 461.20 C 462.60 V 2,669 T 107,237 I 2,243 -12.4
EMA(9) 482.23 (18) 476.07



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX March	444	439	475	479

TRADE RECOMMENDATION:

SELL MCX March cardamom below Rs 464 with a target of Rs 455 and then Rs 452, with a strict stop loss at Rs 469. Trade cautiously with intra-day outlook.

Auction Centre	Prices/Kg (7mm)	Arrivals (Kg)
CPA, Bodinayakannur	370-375	17,500

Disclaimer

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