

SPICES DAILY

February 09, 2007

TURMERIC

SPOT MARKETS:

Turmeric markets witnessed a steady to slightly weak trend during Thursday's trade. It was quoted lower in Nizamabad amidst slightly improved arrivals, while almost steady arrivals kept the prices steady in Erode. Fresh crop arrivals are coming in the markets with mixed quality, wherein the inferior ones 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. 2057 at the early hours of trading. The futures immediately slide to test an intraday low of Rs. 2041 on increased selling interest. The futures traded mostly rangebound at the lower side thereafter and finished with losses in final action. April contract traded in the range of Rs. 2041-2057 during Thursday'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 weak opening and initial downtrend. Stochastic are moving upwards in the normal region after a bullish crossover. MACD is moving slightly downwards in the positive territory, supporting the weakness. 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. Turmeric futures are likely to trade downwards following a steady to weak opening with possibility of upwards movement later in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	2006	2021	2046	2058	2072

TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 2050 with a target of Rs. 2040 and then Rs. 2030 with a strict stop loss at Rs. 2060. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.		Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger	2025	5000
	Gattah	1925	
Erode	Finger	2050-2200	4500-5000
	Gattah	2075-2125	

BLACK PEPPER

SPOT MARKETS

Black pepper markets witnessed a stable trend on Thursday. It was offered at an unchanged price in Kochi amidst no arrivals as well as offtake. 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 higher as compared to previous settlement and the most active March contract tested an intraday high of Rs. 12990 at the early hours of trade. Increased selling interest has pressurised the futures thereafter and the futures slide to test an intraday low of Rs. 12760. However, the futures recovered some of the losses only to finish in negative territory in final action. Most active March contract traded in the range of Rs. 12760-12990 during Thursday'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 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 moderately downwards following a steady to weak opening initially with possibility of upward movement thereafter.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	12389	12635	12840	13126	13389

TRADE RECOMMENDATION:

Buy NCDEX March Pepper near Rs. 12750-12775 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	12500	Nil
	Ungarbled	11900	

RED CHILLIES

SPOT MARKETS

Red chillies market in Guntur extended previous weakness further during Thursday's trade. Fresh crop arrivals in the market are gaining momentum and consequently pressuring the market sentiments. Fresh crop arrivals are expected to gain further pace during coming couple of weeks. Traders reported dull demand at present in the market that added to the bearishness. 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. 4102 at the opening session of trade. Increased selling interest has pressurised the futures throughout the day and the futures slide to test an intraday low of Rs. 3965. The futures finished with significant losses in late action. March contract traded in the range of Rs. 3965-4102 during Thursday'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 weak opening and initial downtrend. 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 downwards and the %K-line has just entered the oversold region, hinting further downtrend. MACD is also moving downwards in the negative territory, supporting the weakness. Red chillies 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	3806	3872	3995	4080	4154

TRADE RECOMMENDATION:

Sell NCDEX March Chilli near Rs. 4000-4050 with a target of Rs. 3950 and then Rs. 3900 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) 4800-5400	40000
	LCA 334 (Bilty) 5400-5900	

JEERA (Cumin)

SPOT MARKETS

Jeera markets remains steady in Unjha markets during Thursday's trade. Prices were quoted unchanged amidst slightly higher arrivals as well as offtake. Fresh crop arrivals are gaining momentum 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 lower as compared to previous settlement and the most active March contract tested an intraday low of Rs. 9425.1 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. 9563 during late hours of trading. The futures finished near day's high in final action. Most active March contract traded in the range of Rs. 9425.1-9563 during Thursday'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 steady to firm opening and initial uptrend. Stochastic is moving upwards in the normal region, hinting further uptrend. MACD is also 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 has declined, while 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 early in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX March	9409	9481	9540	9634	9700

TRADE RECOMMENDATION:

Buy NCDEX March Jeera near Rs. 9500-9525 with a target of Rs. 9580 and then Rs. 9625 with a strict stop loss of Rs. 9450. 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 spot prices continued its bullishness at major auction and trading centres. Renewed export demand coupled with strong buying interest is pressurizing the cardamom prices. With prices reaching at its peak, farmers are releasing their stocks to realize good prices. The total arrivals during Thursday's auction at STCL, Bodinayakannur stood at 45 tonnes, however, with anticipation of further firming of prices, farmers put nearly 4 tonnes on hold. The average prices hovered around Rs 350-355 a kg, while the 7mm MCX grade fetched the months high of Rs 400-410 a kg. Exporters were seen active during the auctions in Kerala and T.N as they bought nearly 25-30 tonnes to cater Saudi's demand. Heavy overseas demand, reduction in global output and tightening stock position are likely to keep the cardamom prices on higher side.

FUTURES MARKETS

MCX Cardamom futures witnessed weak sentiments with bearish undertone. Cardamom March contract opened slightly firm by Rs 1.50 at Rs 512 against its previous levels of Rs 510.50. Contract was traded downwards on increasing selling pressure and tested the lows of Rs 505.20. Contract was traded in the range of Rs 515-505.20 and finally settled in the negative territory of Rs 506.

PRICE DRIVERS

Bearish: 1. Guatemala's optimum carryover stock
2. Increasing Guatemala exports

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 prevail over Kerala and Tamil Nadu regions. Weather is not so favourable at this stage.

TECHNICALS

Candlesticks chart pattern reflects bearish sentiments. MACD is in positive region and moving upwards. Prices closed above 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.

CARDAMOM 0703(MXCAMH7)2007/02/08 - Daily B:505.40 A:506.20
O 512.00 H 515.00 L 505.20 C 506.00 V 1,944 T 98,962 I 2,351 -4.5



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX March	494	490	519	523

TRADE RECOMMENDATION:

BUY MCX March cardamom below Rs 511 with a target of Rs 501 with a strict stop loss at Rs 516. Trade with intraday outlook.

Auction Centre	Prices/Kg (7mm)	Arrivals (Kg)
STCL, Bodinayakannur	400-410	45,000

Disclaimer

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