

## SPICES DAILY

March 20, 2007

### TURMERIC

#### SPOT MARKETS:

Turmeric markets in Nizamabad as well as Erode remained closed on Monday. Turmeric prices remained on an average steady during the last weekend. News of Andhra Pradesh Markfed likely to procure turmeric from markets in order to support the farmers, who were demanding for minimum support price of turmeric, has supported the market sentiments. However, the quantum as well as price of turmeric to be procured by AP Markfed is yet to be known, which would have greater influence on determining the future trend in the markets.

#### FUTURES MARKETS:

Turmeric futures at NCDEX opened higher as compared to previous settlement and the most active April contract tested an intraday high of Rs. 2160 at the early hours of trade. Increased selling interest at the higher price levels has pressurised the futures thereafter and the futures traded downwards to test an intraday low of Rs. 2126. Futures finished with marginal gains in final action. April contract traded in the range of Rs. 2126-2160 during Monday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Higher production estimates during this season
2. Fresh crop arrivals increasing in markets

##### Bullish:

1. News of AP Markfed to procure turmeric from markets
2. India exported 42,750 tonnes turmeric during April-January 2006-07

#### Weather:

Isolated rain/thundershowers are likely over south Tamil Nadu, Kerala and Nicobar Islands. Mainly dry weather is likely over the rest region. Dry weather conditions are favourable for the crop at this time.

#### TECHNICALS

Candlesticks pattern indicates steady opening and indecision. Stochastic is about to make a bearish crossover in the normal region. 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 settlement. Turmeric futures are likely to trade moderately upwards following a steady opening initially and downwards thereafter.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	2077	2099	2138	2186	2211

#### TRADE RECOMMENDATION:

Sell NCDEX April Turmeric near Rs. 2145-2150 with a target of Rs. 2130 and then Rs. 2125 with a strict stop loss at Rs. 2162. Trade cautiously with intraday outlook.

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

## BLACK PEPPER

### SPOT MARKETS

Black pepper markets witnessed a firm trend at the start of the week. It was offered at a higher price in Kochi amidst arrivals as well as offtake of 10 MT. There was no significant development in its fundamental side. Demand, both domestic as well as overseas, was not at par expectations in the markets. However, selling pressure was also absent from the markets that supported the prices. Overseas buyers are eyeing the Vietnam crop that is yet to come in a big way. According to the Vietnam Pepper Association, total pepper output in this country could fall by 10-20 percent and consequently exports may decline by 10 percent. India has emerged as the largest exporter of black pepper to the US in January. India has exported 1,870 tonne of black pepper to the US, out of total US imports of 4,226 tonnes.

### FUTURES MARKETS:

Black pepper futures at the NCDEX opened higher as compared to previous settlement and the most-active April contract tested an intraday low of Rs. 12392 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. 12543. The futures finished in positive territory in final action. April contract traded in the range of Rs. 12392-12543 during Monday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Global supplies expected to remain tight during 2007
2. India exported 22,270 tonnes pepper during April-January 2006-07
3. Vietnam crop is likely to fall by 10-20 percent

#### Bearish:

1. Lacklustre trade in the physical markets

### Weather:

Isolated rain/thundershowers are likely over south Tamil Nadu, Kerala and Nicobar Islands. Mainly dry weather is likely over the rest region. Dry 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 also moving upwards in the negative 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 increased 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.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	12130	12317	12492	12774	12944

### TRADE RECOMMENDATION:

Buy NCDEX April Pepper near Rs. 12450-12475 with a target at Rs. 12550 and then Rs. 12600 with a strict stop loss at Rs.12375. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 11900	10
	Ungarbled 11300	

## RED CHILLIES

### SPOT MARKETS

Domestic red chillies markets in Guntur remained closed on Monday. Prices remained mostly steady during the last weekend owing to presence of demand, both domestic as well as overseas. Domestic chilli production is expected to be 20 percent higher than the year-ago levels. Despite a significant increase in production, its impact was minimal on prices as overseas demand for Indian chillies has improved in recent time. Report of crop failure in China, India's major competitor in chilli export, has increased the export opportunities.

### FUTURES MARKETS:

Chilli futures at the NCDEX opened higher than previous settlement and the April contract tested an intraday low of Rs. 4480 at the opening session of trade. Increased buying interest has supported the futures thereafter and the futures traded upwards to test an intraday high of Rs. 4564. The futures finished with significant gains in final action. April contract traded in the range of Rs. 4480-4564 during Monday's trade.

### PRICE DRIVERS:

#### Bullish:

1. Moderate demand in the markets
2. India exported 98,000 tonnes chilli during April-January 2006-07

#### Bearish:

1. Forthcoming crop is expected good due to higher acreage
2. Crop arrivals registered season high levels

### Weather:

Isolated rain/thundershowers are likely over south Tamil Nadu, Kerala and Nicobar Islands. Mainly dry weather is likely over the rest region. Dry 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 above the 9-day as well as 18-day EMA, hinting short-term firmness in prices. Stochastic is moving indecisively in the normal region. MACD is moving downwards in the positive territory. 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 April	4391	4451	4535	4620	4680

### TRADE RECOMMENDATION:

Buy NCDEX April Chilli near Rs. 4500-4525 with a target of Rs. 4575 and then Rs. 4600 with a strict stop loss of Rs. 4450. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	LCA 334	Closed -

## JEERA (Cumin)

### SPOT MARKETS

Domestic jeera markets witnessed a firm trend at the start of the week. It was offered at a higher price range in Unjha markets amidst reduced arrivals. Concerns of prevailing weather conditions over the major producing regions had a positive impact on the prices. Crop arrivals from the fresh harvest are expected to pick up further that may put more pressure on prices. However, production is estimated to have fallen this year owing to reduced acreage under the crop in Gujarat, where farmers shifted to other crops and unfavourable weather conditions in Rajasthan in recent time. Consequently, traders are expecting significant decline in domestic production this year.

### FUTURES MARKETS:

Jeera futures at the NCDEX opened higher as compared to previous settlement and the most active April contract traded downwards to test an intraday low of Rs. 12050 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. 12309. The futures finished with hefty gains in final action. April contract traded in the range of Rs. 12050-12309 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. India exported 23,500 tonnes of jeera during April-January 2006-07

#### Bearish:

1. Arrivals increasing in the market

### Weather:

Rain/thundershower is likely at a few places over West Rajasthan and isolated over East Rajasthan and Saurashtra & Kutch during next 48 hours and mainly dry weather thereafter. Mainly dry weather is likely over rest region. Dry weather is favourable at this stage of the crop.

### TECHNICALS

Candlestick pattern is indicating steady to firm opening and initial uptrend. Stochastic is moving downwards in the normal region, hinting further downtrend. MACD is moving flat 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. 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 April	11700	11914	12270	12530	12736

### TRADE RECOMMENDATION:

Buy NCDEX April Jeera near Rs. 12250 with a target of Rs. 12325 and then Rs. 12350 with a strict stop loss of Rs. 12200. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q 2030-2080	11000-12000
	Ganesh 2080-2130	
	Machine Cleaned 2200-2220	

## CARDAMOM

### SPOT MARKETS

Cardamom prices remained steady in the Monday's auction at CPA (Bodi) and prices hardly moved from the Saturday's auction. Sagging domestic and export demand for Cardamom and falling arrivals are keeping the prices steady. Arrivals are falling with the harvesting about to complete. Demand side of the commodity is sagging at this stage as stockists are not seen the levels attractive enough to grab Cardamom. Export demand is also subdued on account of cheaper Guatemala crop. However, the concerns of fall in production in the forth coming crop in Kerala due to poor weather conditions is lending some support to the weak looking market. For the prices to firm up, the export demand from Saudi market has to revive and gather momentum. The total arrivals of 12 tonnes were all sold off. Average prices stood at Rs 350 a kg, while MCX grade was traded in the range of Rs 385-395 a kg.

### FUTURES MARKETS

MCX Cardamom futures witnessed weak sentiments on the first trading day of the week. Most active April contract opened slightly firm at Rs 467.5 and then heavy selling pressure took the prices down to Rs 448.1 levels. The prices recouped slightly from those levels to close the session at Rs 454.9. Volumes increased, whereas open interest dipped marginally.

### PRICE DRIVERS

**Bearish:**

1. Guatemala's healthy stock
2. Sluggish domestic demand
3. No fresh overseas demand

**Bullish:**

1. Unfavourable weather for the next crop in Kerala
2. Declining arrivals
3. End of harvesting season

### 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 negative region and moving downwards which indicates increasing bearish momentum. Prices closed below both the 9 days EMA and 18 days EMA. Stochastic is negative in oversold region, which warrants some caution on the part of bears. The contract is most likely to trade downward following a steady to slightly firm opening.



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
MCX March	454	451	466	472

### TRADE RECOMMENDATION:

SELL MCX March cardamom below Rs 462 with a target of Rs 450 and then Rs 447 with a strict stops loss at Rs 468. Trade cautiously with intra-day outlook.

Auction Centre	Prices/Kg (7mm )	Arrivals (Kg )
CPA (Bodi)	385-395	12,000

#### Disclaimer

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