

SPICES DAILY

March 15, 2007

TURMERIC

SPOT MARKETS:

Domestic turmeric markets witnessed on an average bullish trend during Wednesday's trade. In Erode, it was offered at a slightly higher price range on reduced arrivals in the markets as against previous trading day. The prices are holding the level even in peak arrival season speaks about some good demand. Arrivals in Erode markets are likely to pick up further in the coming days. However, in Nizamabad arrivals remained mostly stagnant in the past few days. Increasing arrivals in the coming days may add to the bearishness in the markets. With a higher production estimate for this season, turmeric prices are likely to remain bearish in the coming days.

FUTURES MARKETS:

The most active April contract of turmeric futures finished high at NCDEX. April contract opened at Rs 2038 per quintal down Rs. 2 to Tuesday's closing level. During the trades session April contract remained bullish on good buying support. The April contract ended the session up Rs. 25 at Rs. 2065 per quintal against previous closing at Rs. 2040 per quintal.

PRICE DRIVERS:

Bearish:

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

Bullish:

1. Moderate demand in the markets
2. India exported 42,750 tonnes turmeric during April-January 2006-07

Weather:

Mainly dry weather is likely over the major turmeric producing regions, which is favourable for the pepper crop at this time.

TECHNICALS

Candlesticks pattern indicates steady to firm opening and initial uptrend. Stochastic has made bullish crossover in normal region, hinting further uptrend. MACD is heading slightly upward in positive zone, which shows increase in bullish momentum. Prices closed above the 9-day as well as 18-day EMA, hinting firm prices in short-term. Volume and open interest both increased during the session supporting the surge in the prices. Turmeric 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	2034	2045	2065	2090	2100

TRADE RECOMMENDATION:

Buy NCDEX April Turmeric above Rs. 2056 with a target of Rs. 2076 and then Rs. 2085 with a strict stop loss at Rs. 2045. Trade cautiously with intraday outlook.

Centers	Prices/Qtl.		Arrivals (Bags) one bag = 90 Kgs.
Nizamabad	Finger	1940-1950	-
	Gattah	1750-1800	
Erode	Finger	2100-2125	14000
	Gattah	2050-2060	

BLACK PEPPER

SPOT MARKETS

Domestic black pepper markets witnessed fall in the prices after Tuesday's bounce back as lack luster trade scene in the commodity pressured the prices. It was quoted Rs 100 lower in Kochi markets and there was no arrivals seen in the market. Vietnam Pepper Association is expecting a fall of 10-20% in pepper production of the country on account of insect attack on the crop and poor weather conditions this season. Fall in the production expected in the largest exporting nation in the world is expected to result in buoyant prices this year. Farmers seem holding their produce in anticipation of higher prices. Whereas, overseas buyers are eyeing the Vietnam crop which would hit the market most likely during late March to early April.

FUTURES MARKETS:

Black pepper futures at the NCDEX opened marginally weak Wednesday as compared to previous settlement and the most-active April contract tested an intraday high of Rs. 12220 at the early hours of trade. Increased selling interest at the higher price levels pressured the futures thereafter and the futures traded downwards to test an intraday low of Rs. 11970. The futures finished in negative territory after recouping from the lows. April contract closed the session at Rs 12024.

PRICE DRIVERS:

Bullish:

1. VPA expects production to fall 10-20%
2. India exported 22,270 tonnes pepper during April-January 2006-07
3. Global supply to remain tight

Bearish:

1. Weak export demand

Weather:

Mainly dry weather is likely over the major pepper producing regions, which is favourable for the pepper crop at this time.

TECHNICALS

Candlesticks pattern indicates indecision in the market as depicted by long shadows. Stochastic is moving slightly downwards in the oversold region, hinting 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 has decreased, while open interest has increased as compared to previous settlement. Black pepper futures are likely to remain on the softer side.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	11555	11868	12024	12263	12384

TRADE RECOMMENDATION:

Buy NCDEX April Pepper above Rs. 11940 with a target at Rs. 12160 and then Rs. 12270 with a strict stop loss at Rs.11820. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Tonnes)
Kochi	Garbled 11700	NIL(-100)
	Ungarbled 11100	

RED CHILLIES

SPOT MARKETS

Domestic red chillies markets in Guntur witnessed a steady prices Tuesday's trade. The prices remained in the similar range as that of previous trading session as lower arrivals supported the prices. Presence of some demand, both domestic as well as overseas, was another supportive feature for the markets. Fresh crop arrivals are expected to gain further pace during coming couple of weeks and consequently would put 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, red chilli prices are likely to remain bearish in near future after some short-term firmness.

FUTURES MARKETS:

Chilli futures at NCDEX traded mostly downwards on Wednesday. April futures of Chana started the session weak at Rs. 4505 then the prices tested an intraday high of Rs 4585. Decreased buying interest at higher level pushed the prices to the lows of Rs 4414. Finally closed the session down by 2.35 % at Rs 4447. Volume has increased to 14,775 tonnes on Wednesday as compare to 10,825 tonnes on Tuesday and open interest slightly decreased.

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:

Mainly dry weather is likely over the major chilli producing regions, which is favourable for the pepper crop at this time.

TECHNICALS

Candlesticks pattern indicates tentativeness at higher levels as depicted by long upper shadow. Prices closed above the 9-day as well as 18-day EMA, hinting short-term firmness in prices. Stochastic is moving upward in the normal region, supporting the bulls. MACD is moving flat in the positive territory. Red chillies futures are likely to trade downwards following a steady to weak opening with possibility of some upward movements early in the session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	4270	4380	4447	4555	4605

TRADE RECOMMENDATION:

Sell NCDEX April Chilli below Rs. 4485 with a target of Rs. 4395 and then Rs. 4350 with a strict stop loss of Rs. 4535. Trade cautiously with intra day outlook.

Centers	Prices/Qtl.	Arrivals (Bags) 1 bag = 40 to 45 Kgs.
Guntur	Loose (Good quality) 4300	60000

JEERA (Cumin)

SPOT MARKETS

Domestic jeera markets witnessed some cooling off in the prices on increased arrivals Wednesday. Arrivals increased on improved weather conditions. Adverse weather conditions over the producing regions recently took the prices to astronomical high levels on concerns of damage to the crop in Rajasthan. Crop arrivals from the fresh harvest are expected to pick up further during coming few weeks that may put some further pressure on prices. However, the prices are expected to find support from the tight supply conditions expected this year due to lower production on lower acreage and damage to the crop due to heavy rains in Rajasthan. So, floor for the prices in peak arrival season is likely to remain high this year.

FUTURES MARKETS:

Jeera futures at the NCDEX opened slightly weak Wednesday. The prices then slipped sharply and never looked back. The most active April contract tested an intraday low of Rs. 11861 before finally closing the session with heavy losses at Rs 11945. The contract traded in the range of Rs. 11862-12299 during Wednesday. The correction was well supported by healthy volumes of 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
4. Adverse weather conditions

Bearish:

1. Arrivals increasing in the market
2. Weak buying support at the spot markets

Weather:

Weather conditions have improved in Rajasthan and are expected to remain favourable for the Jeera crop in the state. Dry weather in Gujarat is also favourable at this stage of the crop.

TECHNICALS

Candlestick pattern is projecting bearish picture of Jeera. The prices closed below 9-days EMA, hinting short-term weakness in the prices. Stochastic has made bearish crossover in overbought region. Further, divergence between MACD and price trend supports the likely downward correction in the prices. 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. However, profit taking is likely at higher price levels.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX April	11550	11696	11945	12120	12290

TRADE RECOMMENDATION:

Sell NCDEX April Jeera below Rs. 12035 with a target of Rs. 11860 and then Rs. 11760 with a strict stop loss of Rs. 12135. Trade cautiously with intra day outlook.

Centers	Prices/20 Kgs.	Arrivals (Bags) 1 bag = 55 to 60 Kgs.
Unjha	F.A.Q 2030-2080	17000-18000
	Ganesh 2080-2130	
	Machine Cleaned 2200-2215	

SPICES DAILY

CARDAMOM

SPOT MARKETS

Cardamom prices stood steady at auction as well as major trading centres amid slow moving demand and poor buying support from stockists. Stockists are unwilling to buy cardamom at current higher levels. Market sources believe that cardamom prices are likely to hold steady position till traders are relieved from their financial commitments (March rush) and make fresh buying positions. However, the reducing arrivals at auction, lower production this year and some export buying have restricted fall in cardamom prices. Meanwhile, the arrivals at Wednesday's auction at CPMC, Kumily stood at 52 tonnes. The average price hovered in the range of Rs 345-348 a kg, while the MCX grade hovered in the range of Rs 390-395 a kg. However, if the dry spell and hot weather pattern continues for few more days in Kerala, chances of further rise in prices cannot be ruled out.

FUTURES MARKETS

Cardamom futures witnessed weak sentiments with bearish undertone at MCX. The most active April contract opened steady at Rs 491 against its previous close of Rs 491.60. Increased selling pressure pushed the futures to trade on lower side testing the lows of Rs 483.40. Buying interest at lower levels witnessed during later session could not support the futures and finally closed the session in the negative territory by losing Rs 7.60 at Rs 484. Contract moved in the range of Rs 491-483.40. Volumes decreased marginally and open interest increased marginally.

PRICE DRIVERS

Bearish: 1. Guatemala's optimum carryover stock
2. Sluggish demand

Bullish:

1. Near drought situation in Kerala
2. Declining stocks
3. Increased Guatemalan prices
4. Near end of picking season

WEATHER

Hot and clear weather prevailing in Kerala region is favourable for harvesting of capsules in irrigated regions.

TECHNICALS

Candlesticks chart pattern reflects slightly weak opening and bearish sentiments thereafter. MACD is moving in the negative region, hinting that the trend will continue. Prices closed below both 9 days and 18 days EMA. Stochastics is moving upwards in neutral region. Market is expected to trade downwards following a steady to weak opening.

CARDAMOM 0704(MXCAMJ7)2007/03/13 - Daily B:483.40 A:484.00
O 491.00 H 491.00 L 483.40 C 484.00 V 1,940 T 94,379 I 4,199 -7.6
EMA(9) 490.98 (18) 494.92



SUPPORT / RESISTANCES

Contract	S1	S2	R1	R2
MCX April	472	467	495	498

TRADE RECOMMENDATION

SELL MCX April cardamom below Rs 488 with a target of Rs 483 and then Rs 479 with a strict stop loss near Rs 493. Trade cautiously with intra-day outlook.

Auction Centre	Prices/Kg (7mm)	Arrivals (Kg)
CPMC, Kumily	390-400	22,000

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