

## Spot Market Recap

### Turmeric:

- Due to holiday period and lorry strike in Erode market lower arrivals were reported in the domestic market.
- Most of the turmeric growing regions received normal rainfall from the period of 1st June – 24th August when compared with its last week LPA.
- Turmeric sowing activities also increases during this period with favourable weather condition was reported.
- Continuing sluggish demand was reported from Masala Millers at higher price levels as they have sufficient quantity for further usage.

## Fundamental analysis

### Turmeric Arrival Scenario:

Market	% Change during corresponding period last week	Arrivals during the week (18 <sup>th</sup> - 25 <sup>th</sup> August 2011) in bags	Arrivals during the last week (11 <sup>th</sup> - 18 <sup>th</sup> August 2011) in bags	Arrivals during the year (18 <sup>th</sup> - 25 <sup>th</sup> August 2010) in bags
Nizamabad (Andhra Pradesh)	-33.75	5,300	8,000	6,800
Erode (Tamil Nadu)	-60.52	7,500	19,000	26,500

1 bag = 90kgs

Lower arrivals were reported week on week owing to holidays and lorry strike in Erode spot market therefore nominal trading activities were seen during the week period. As depicted from the above table, arrivals in Nizam were reported at 5,300 bags during the week period, lower by 2,700 bags as compared to the same period last week. Likewise in Erode spot market arrivals reported at 7,500 bags also lower by 11,500 bags as against last week arrivals on account of lorry strike from 19<sup>th</sup> to 24<sup>th</sup> August.

As per trade information, Turmeric prices might be go down further in domestic market as ample quantity of stocks prevailed in the market. Sources revealed that, stocks in all India near about 30 – 35 lakh bags (1 bag= 70 kgs) were reported out off in Erode spot market at around 18 – 20 lakh bags were reported. Stocks position in Erode spot market higher than 20% as compared to the same period last year and it will exert pressure on Turmeric prices to move up.

Turmeric sowing was reported well in Erode regions due to good rainfall season. It was comparatively good and expected to increase near about 20% as compared to the same period last year and it will also increase the total turmeric production in coming period at around 80 lakh bags (1 bag= 70 kgs) against 48 lakh bags in last year. Higher output is expected might add to the supply and likely to keep the fundamentals under pressure.

On demand side, market participants were expecting that, demand will be increase in coming days from Sept onwards which lend supports the turmeric prices to gain.

**Weather Watch (27 August- 02 September):**

Monsoon trough is likely to oscillate around its normal position. Fairly Widespread rain would occur over Coastal Karnataka, Kerala, Lakshdweep and Andman & Nicobar Island. Scattered rain would occur over Interior Karnataka, Coastal A.P. and Telangana. Isolated rain would occur over Rayalseema and Tamilnadu.

**Actual rainfall and % Departure for the period of 1<sup>st</sup> June – 24<sup>th</sup> August**

Regions	Actual Rainfall (mm) 1 <sup>st</sup> June – 24 <sup>th</sup> August	Normal Rainfall (mm) 1 <sup>st</sup> June – 24 <sup>th</sup> August	% Departure from LPA 1 <sup>st</sup> June – 24 <sup>th</sup> August
Madhya Maharashtra	510.1	540.0	-6%
Coastal A.P	395.6	385.7	3%
Telangana	495.8	549.4	-10%
Rayalaseema	317.3	242.1	31%
Tamil Nadu and Pondicherry	194.9	177.8	10%

**Source: IMD**

As depicted from the above table, most of the turmeric growing regions received normal rainfall from the period of 1st June – 24th August when compared with its last week LPA. With favourable weather expected over other turmeric growing region in south, we expect rapid expansion of turmeric sowing area during the coming week.

**Sowing Progress:**

Turmeric has been sown in 0.62 lakh hectares in A.P as on 24<sup>th</sup> August 2011. Turmeric sowing witness marginal improvement week on week but it is likely to finish till last of Aug to Sep. The comparative sowing is tabulated below:

**Turmeric Crop Sowing Progress: Andhra Pradesh**

Area in Lakh hectares	Normal		During Corresponding Period		Current Year as on 24/08/11	% Sown to	
Crop	Season	As on date	As on 24/08/09	As on 24/08/10		Season	As on date
Turmeric	0.63	0.56	0.47	0.69	0.62	98	110

Turmeric sowing report in Andhra Pradesh was reported satisfactory. With expectation of better sowing coverage moving forward with favourable weather outlook we expect prices to stay range bound with no immediate higher prices in coming days. Any divergence in rainfall from its forecast is likely to lend underlying support to the prices.

**Turmeric Price Outlook (Nizamabad Spot market)**


Candlestick formation reveals bearish sentiment in the market. Prices are closed below 9-day EMAs supporting bearish momentum in the short term. RSI is moving down in neutral zone indicate the bearish trend further.

This might keep TMC prices in the price ranges of 5457-6476.

**Spot Prices Weekly Change**

Commodity	Centre & Variety	% Change Over Previous Week	Prices (Rs/Qtl)			
			Current (25-08-2011)	Week Ago (18-08-2011)	Month Ago (27-07-2011)	Year Ago (23-08-2010)
Turmeric	Nizamabad-Nizam Cold	-4.42	6500	6800	7400	15495
	Erode-Finger	-4.17	5500-6000	5800-6200	6900-7400	15350-15740

## Spot Market Recap

### Coriander Seed:

- Higher arrivals were reported in domestic mandi during the week (18<sup>th</sup> August – 25<sup>th</sup> August) under review.
- At higher price level stockists were offloading their stocks in the spot market.
- Festive season demand is expected to pull coriander prices up in the domestic market.
- However, at higher price level buyers are inactive in the domestic market having sufficient quantity of stocks.

## Fundamental analysis

### Coriander Arrival Scenario:

Market	% Change during corresponding period last week	Arrivals during the week (18 <sup>th</sup> - 25 <sup>th</sup> August 2011) in bags	Arrivals during the last week (11 <sup>th</sup> – 18 <sup>th</sup> August 2011) in bags
Kota	+87.96	25,000	13,300
Ramganj	+87.09	29,000	15,500
Baran	+103.39	24,000	11,800

**1 bag=40 kg**

Taking Kota spot markets as the indicative market, arrivals were reported at 25,000 bags during the week under review down by 11,700 bags compared to the same period last week. As per trade sources, stockists were offloading their stocks at higher price level.

Coriander arrival was improved during the week period as prices go up amid producers were interested to bring their produce into the market. Sources also revealed that, prices will move up in coming days due to lean season arrivals and higher demand from September onwards. Nearly 65-70% of the coriander stocks are with stockists and traders and they are holding the stocks with expectation of better prices realization.

In unison, demand starts improving both from domestic market and from international market as well and it will supports coriander prices to gain further. Masala millers start buying from the spot market on expectations of further higher demand. Good demand from USA, UAE, Mauritius, Sri Lanka, South Africa with EU and New Zealand might keep coriander prices at firm levels in coming days. All together, demand from domestic market starts improving especially before the start of festivals lends additional support to the prices.

### Arbitrage Opportunity in Coriander – NCDEX (A tentative Calculation)

In NCDEX, for coriander arbitrage opportunity was found from spot to futures, which was shown by the following tables. If one can buy from spot to futures than he will get 3.91% in September and 5.97% in the month of October.

Parameters	Sep (Rs./Qtl)	Sep (Rs./Qtl)	Oct (Rs./Qtl)
Futures Rate (A)	6162	6162	6300
NCDEX- Demat quality Spot Rate	5900	5900	5900
Misc exp*	30	30	45
Total Purchase Cost (B)	5930	5930	5945
Difference (A-B)	232	232	355
Period of Investment	30	30	60
Absolute Return (in %)	3.91	3.91	5.97

# include Warehouse charges, Assaying and Demat cost

Note: Investors/traders should also consider other expenses like Delivery Brokerage, cost of Capital which may vary case to case basis.

### Coriander Price Outlook (Kota Spot market)



Candlestick formation reveals bearish sentiment in the market. Prices are closed above 9 & 21-Day further bullish sentiment in the market. RSI is moving down in neutral zone indicate the bearish trend further.

We are expecting that, coriander prices to stay in the range of 5760-6182.

**Spot Prices Weekly Change**

Commodity	Centre & Variety	% Change Over Previous Week	Prices (Rs/Qtl)		
			Current (24-08-2011)	Week Ago (18-08-2011)	Month Ago (25-07-2011)
Coriander Seed	Ramganj-Badami	+2.59	3900-4000	3800-3900	3950-4050
	Kota-Badami	+7.14	4500	4200	4700
	Baran-Badami	+7.40	4300-4400	4000-4100	4600

**Spot Market Recap**
**Red Chilli:**

- Red Chilli prices at Guntur were reported unchanged during the week under review.
- Sluggish demand was reported for Chilli at higher prices level.
- However, at lower price level higher export demand was found improving year on year which might limit the excessive fall of red chilli prices.
- Lower arrivals were reported in Guntur spot market during this week period.
- Satisfactory sowing reports from Andhra Pradesh were reported, with expectations of better production prospects in coming season.

**Fundamental Analysis**
**Red Chilli Arrival Scenario:**

Market	% Change Over Previous Week	Arrivals during the week (18 <sup>th</sup> - 25 <sup>th</sup> August 2011) in bags	Arrivals during the week (11 <sup>th</sup> - 18 <sup>th</sup> August 2011) in bags	Arrivals during last year (18 <sup>th</sup> - 25 <sup>th</sup> August 2010) in bags
Guntur (Andhra Pradesh)	-7.41	125,000	135,000	125,000

1 Bag=45 Kgs

Red Chilli arrivals in Guntur was reported 125,000 bags (1 bag=45Kg) during the week period down by 10,000 bags w-o-w. During this week period, most of the time market was closed and restricted trading activities in spot market.

Due to lean season lower arrivals were reported in the cash market. Lower arrivals w-o-w and stocks with strong hand is expected to land underlying support to the chilli prices during coming couple of weeks. Exporters are active at lower price level and are seen purchasing at current prices. Optimistic export outlook and greater demand expected going ahead with the monsoon will keep chilli prices steady to firm.

**Chilli Sowing Progress:**

Red Chilli has been sown in 0.61 lakh hectares in A.P has as on 24th August 2011. As per farmer's sources expect chilli production to increase this year due to favourable weather condition. Red Chilli area might increase in AP year on year. Details of sowing are enlisted in the following table:

Area in Lakh hectares	Normal		During Corresponding Period		Current Year as on 24/08/11 Crop	% Sown to	
Crop	Season	As on date	As on 24/08/09	As on 24/08/10		Season	As on date
Red Chilli	1.61	0.77	0.34	0.61	0.61	38	79

## Spot Prices Weekly Change

Commodity	Centre & Variety	% Change Over Previous Week	Prices (Rs/Qtl)			
			Current (25-08-2011)	Week Ago (18-08-2011)	Month Ago (25-07-2011)	Year Ago (25-08-2010)
Red Chilli	Guntur-334	Unch	7900-8600	7900-8600	7500-8800	Closed
	Guntur-Teja	Unch	9000-9300	9000-9300	8500-9500	5800-6200

## Price Outlook Red Chilly :( Guntur spot market)



Candlestick chart indicates bearish sentiment in the market. Prices closed below 9 and 21-day EMA which indicating bearish sentiment further. RSI is moving down in neutral zone indicate the bearish trend further.

Expected Price Range of Red Chilly Guntur spot market (INR/Qtl): 7774 – 8544.

**Spot Market Recap:**
**Jeera**

- During the week under review Jeera prices remains steady to firm in the domestic spot market.
- Jeera prices during the week (18<sup>th</sup>- 25<sup>th</sup> August 2011) improved on buying interest backed by strong support from local traders and exporters.
- As per trade information, stockiest might be holding their in stocks further for better price expectation in future which resulted lower arrivals during the week under review.

**Fundamental analysis**
**Jeera Arrival Scenario:**

Market	% Change during corresponding period last week	Arrivals during the week (18 <sup>th</sup> - 25 <sup>th</sup> August 2011) in bags	Arrivals during the last week (11 <sup>th</sup> -18 <sup>th</sup> August 2011) in bags	Arrivals during last year (18 <sup>th</sup> - 25 <sup>th</sup> August 2010) in bags
Unjha (Gujarat)	<b>+190</b>	29,000	10,000	39,000

Unjha 1 bag = 55kgs

Taking Unjha cash markets as the indicative market, arrivals were reported at 29,000 bags during the period up by 19,000 bags as compared to the same period last week. At higher price level stockists were releasing their stocks in the domestic spot market. However, trade participants are expecting that lower supply in coming days with the lean season timings might lend support to the jeera prices to gain.

During this season, lower supply from Syria and Turkey at around 30,000 and 10,000 MT respectively might supports the overseas prices to gain. Supply crunch from these nations might supports for Indian Jeera and increase the export quantity amid avtive buying supports from the exporters. Masala millers might active in coming days to cover up their Sep- Dec requirements.

In overseas market, Syrian and Turkey's cumin seed is being offered at USD 3,600 and USD 3,450-3,500 per ton (fob) respectively while, Indian cumin seed is quoted at USD 3,400-3,450 per ton (cnf) Singapore

**Spot Prices Weekly Change**

Commodity	Centre & Variety	% Change Over Previous Week	Prices (Rs/Qtl)			
			Current (25-08-2011)	Week Ago (18-08-2011)	Month Ago (24-07-2011)	Year Ago (25-08-2010)
Cumin Seed	Unjha-Loose	<b>+3.57</b>	14500	14000	14000	13150
	Jodhpur - Loose	<b>Unch</b>	13500	13500	14500-14800	13000-13200

## Jeera Price Outlook

### Technical Analysis (spot market) Jeera: Unjha Mandi



Jeera spot prices are not sustained at higher price level. Candlestick formation reveals bearish sentiment in the market. Prices closed above 9 and 21-day EMA which might indicate bullish sentiment in the market. Market indicators RSI is moving down in neutral zone further indicates bearish sentiment in the market.

Expected Price Range of Jeera at Unjha (INR/Qtl): 15400 – 16100.

## Spot Market Recap

### Black Pepper:

- No arrivals were reported during the week period 18th– 25th August 2011 in the domestic spot market.
- Lower supply in the domestic market as well as in international market has pushed up the pepper prices to the highest ever levels last week.
- Flowering stages were found in pepper crop in Kerala and prospects of better production in coming season.

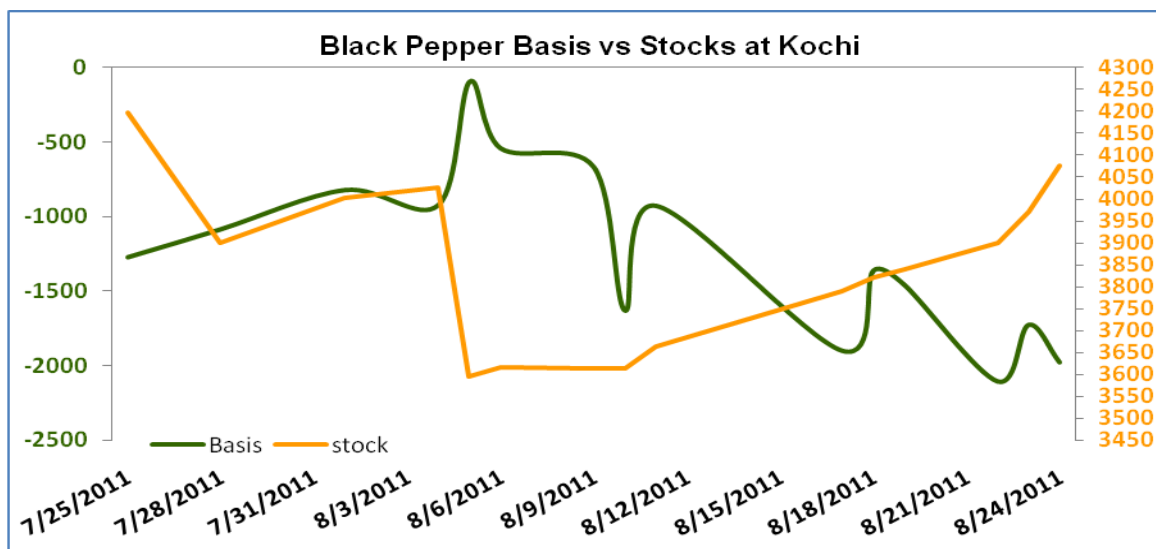
**Fundamental Analysis**
**Black Pepper Arrival Scenario**

Market	% Change during corresponding period last week	Arrivals during the week (18 <sup>th</sup> – 25 <sup>th</sup> August 2011) in tonnes	Arrivals during the last week (11th - 18th August 2011) in tonnes	Arrivals during last Year (18 <sup>th</sup> – 25 <sup>th</sup> August 2010) in tonnes
Kochi (Kerala)	-	-	-	-

In Kochi (Kerala) market, no arrivals were reported during the week period. Stockists were not releasing their stocks in the domestic spot market on expectations of higher prices further. As per trade information, lower stocks found in the Kerala and Karnataka near about 12000 – 15000 tonnes, in domestic market and expectations of higher demands in coming months from Oct to December might underlying supports to the black pepper prices to gain further. Overall global and domestic supply was down and pepper prices were trading at its all time high.

Black pepper crop in Kerala was reported at flowering stage however in Karnataka it will come after one month later. Sources revealed that, pepper area was stagnant as compared to the same period last year. Rainfall was normal in pepper growing regions and expectations of increasing production if the rainfall will favourable in coming days.

The following tables show the black pepper basis (Spot prices – Futures prices) and stocks analysis at Kochi market:


**Fig – 1**

From the above mentioned tables, we can found that there is a inverse relationship between basis and the stocks in the market. If the price difference between spot market and futures market will increase further the basis will be more difference and arbitrage opportunity will be increase in the market. So, we can expect that, to get better arbitrage opportunity and favourable situations stockists will be releasing their stocks in the exchange platform.

**Global Pepper Scenario:**

In Lampung, pepper harvest is almost completed, but quantity was less reported. Though prices got supported to gain local prices increased almost daily. More significant price increase was recorded in the local price of Vietnam. The price increase was from VND 115,000 per kg at the beginning of the week to VND 122,000 at the weeks close. However the fob price was stable. In Sarawak, local price increased by 3% and a slight increase were recorded in fob at the last weeks close. Marginal increase of local price also recorded in Sri Lanka.

In Bangka and Sarawak white pepper market, local prices increased by 2% and 5% respectively, while in fob the increase was only 1%. In China, the prices increased by 2% both in local and fob. In Vietnam, the white pepper prices were reported stable.

In the international market, India's black pepper is offered at USD 7,400 per ton (cnf) NY while, Indonesia's black pepper is offered at USD 7,500 per ton, Vietnam's Asta 570 GL at USD 7,200 and Brazil's B Asta is quoted at USD 7,000 per ton (fob).

**Spot Prices Weekly Change**

Commodity	Centre & Variety	% Change Over Previous Week	Prices (Rs/Qtl)			
			Current (25-08-2011)	Week Ago (18-08-2011)	Month Ago (25-07-2011)	Year Ago (25-08-2010)
Black Pepper	Kochi-Ungarbled	+1.37	29700	29300	28700	20100
	Kochi-Garbled	+0.99	30600	30300	29700	20600
	New Delhi-Unpolished	+1.64	31000	30500	30900	22000

**Technical Analysis (spot market)  
Black Pepper (Kochi Market)**


Black pepper prices are trading at its all-time high. Candlestick formation reveals bullish sentiment in the market. Prices closed above 9 and 21-day EMA which might act as strong support zone. RSI is moving up in positive zone indicates the bullish sentiment in the market.

Expected weekly black pepper price range: 31971 to 33622.

**Spot Market Recap**
**Cardamom:**

- Cardamom harvest might gain momentum during coming couple of weeks with arrivals to increase moving forward.
- New crop arrivals improved and gradually picking up of harvesting during the week which limits any near term gains.
- As per trade sources, festive season demand will be increase in coming days and might support the prices to gain.

**Fundamental Analysis:**
**Cardamom Arrival Scenario**

Market	% Change during corresponding period last week	Arrivals during the week (18 <sup>th</sup> - 25 <sup>th</sup> August 2011) in bags	Arrivals during the week (11 <sup>th</sup> - 18 <sup>th</sup> August 2011) in bags	Arrivals during last Year (18 <sup>th</sup> - 25 <sup>th</sup> August 2010) in bags
Vandanmettu, Thekkady, Kochi, Nedumkandam , Kumily, Santhanpara & Bodinayakanur (Kerala)	+68.64	469661	278492	226542

Cardamom arrivals were reported at 4, 69,661 Kgs up by 19, 1169 Kgs as compared to the same period last week arrivals. Increase in arrivals primarily attributed to release of old stocks by the stockiest followed by new crop arrivals. Better cardamom y-o-y and relatively higher stocks having with the stockiest and cardamom producers releasing their produce during recent time. Comfortable supply and lack of aggressive buying continue to weigh on the market sentiments. However, aggressive demand was missing from the spot owing to better production both at domestic and international front.

Cardamom arrivals will be increase in coming days due to better harvesting progress. Sources revealed that, second round of harvesting was completed and third round of harvesting will be starts from 15<sup>th</sup> of September onwards. However, rainfall plays a crucial role for harvesting this coming period, if heavy rainfalls occur harvesting will be delay. Till now cardamom harvesting was increased as compared to the same period last year and expectation further good.

Guatemala crop arrivals will be starts from November onwards, good production was recorded at around 20,000 tonnes as compared to the last year around 18,000 tonnes.

Export demand will coming starts during the period due to Ramadan demand from countries like UAE, UK, Japan etc. which might supports the cardamom prices. Therefore, cardamom price likely to gain in coming couple of week.

**Weather Watch (27 August- 02 September):**

Monsoon trough is likely to oscillate around its normal position. Fairly Widespread rain would occur over Coastal Karnataka, Kerala, Lakshdweep and Andman & Nicobar Island. Scattered rain would occur over Interior Karnataka, Coastal A.P. and Telangana. Isolated rain would occur over Royalseema and Tamilnadu.

**Spot Prices Weekly Change**

Commodity	Centre & Variety	% Change Over Previous Week	Average Prices (Rs/Qtl)			
			Current (25-08-2011)	Week Ago (18-08-2011)	Month Ago (25-07-2011)	Year Ago (25-08-2010)
Vandanmettu, Thekkady, Kochi, Nedumkandam , Kumily, Santhanpara & Bodinayakanur (Kerala)	Small Cardamom	-3.12	577.28	595.82	677.18	1322.33

**Technical Analysis**
**Cardamom (values in Kg)**


Candlestick chart pattern indicates sideways movement is likely to continue in coming days. Cardamom prices might find support near 665 to 679 and might be buying at this price level during this week period ahead. Prices were closed below 9 and 21-day supporting the bearish sentiment. RSI is moving down and further prices go down in short term.

Expected Price Range of Cardamom (INR/Kgs): 700 – 821.

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