

Spot Market Recap

Turmeric:

- Extended holidays and lorry strike in Erode market lead to lower arrivals during the week of 18th – 25th Aug 2011.
- Most of the turmeric growing regions received normal rainfall for the period of 1st June – 24th August when compared to its LPA.
- Turmeric sowing activities also increases during this period with favourable weather condition.
- Sluggish demand was reported from Masala Millers with anticipation of further decline and prevailing higher stock levels.

Fundamental analysis

Turmeric Arrival Scenario:

Market	% Change during corresponding period last week	Arrivals during the week (18 th - 25 th August 2011) in bags	Arrivals during the last week (11 th - 18 th August 2011) in bags	Arrivals during the year (18 th - 25 th 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 under review. 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 19th to 24th August.

As per trade information, turmeric prices might slide further in domestic market as ample quantity of stocks keep overall fundamentals on soft note. Sources revealed that, total turmeric stocks in India is pegged at 30 – 35 lakh bags (1 bag= 70 kgs) while in Erode spot market it expected to stay nearly 18 – 20 lakh bags. Stocks position in Erode spot market up by 20% as compared to the same period last year which might keep weighing on the market sentiments.

Active turmeric sowing and is seen from Erode regions due to good rainfall. It was comparatively good and final acreage is expected to increase by nearly 20% y-o-y. Favourable weather and increased turmeric area during 2011 Kharif indicates sharp increase in turmeric production and production is expected to stay close to 80 lakh bags (1 bag= 70 kgs) against 48 lakh bags in last year. Near double production expectation shall keep medium to long term prices at subdued levels while intermittent spike is expected with expectation of revival of demand at lower price levels.

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

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 1st June – 24th August

Regions	Actual Rainfall (mm) 1 st June – 24 th August	Normal Rainfall (mm) 1 st June – 24 th August	% Departure from LPA 1 st June – 24 th 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 LPA. With favourable weather expected over other turmeric growing region in south, we expect optimistic ccrop condition with better production expectation going ahead with the crop season.

Sowing Progress:

Turmeric has been sown in 0.62 lakh hectares in A.P as on 24th August 2011 which is very close to the season normal. 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 which is expected to stay close to the previous year acreage (0.63 lakh hectares). Turmeric though is a long duration crop and rainfall and optimum soil moisture is required for its vegetative phase in different regions it is now essential to have close watch on the amount of precipitation received during Aug and first week of Sep. Any divergence in rainfall from its forecast is likely to lend underlying support to the prices.

Turmeric Price Outlook (Nizamabad Futures market)


Candlestick chart pattern reveals bearish sentiment in the spot market. EMA acts as a strong resistance and helped the prices to close below its 9 & 21-day EMAs. This might continue to act as a major resistance in case of any spike thereby limiting gains. RSI is moving down in oversold region indicating possibility of any near term correction.

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 (18th August – 25th August) under review.
- Relatively better domestic demand and off-season premium during the festivals kept coriander at encouraging note during the week.
- At higher price level stockiest were seen 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 reluctant to go for aggressive buying thereby keeping the prices almost range bound with firm bias.

Fundamental analysis

Coriander Arrival Scenario:

Market	% Change during corresponding period last week	Arrivals during the week (18 th - 25 th August 2011) in bags	Arrivals during the last week (11 th – 18 th 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 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.

Arbitrage Opportunity in Coriander – NCDEX (A tentative Calculation)

Considering the spot and futures differences including all the costs, spot-futures arbitrage exists in NCDEX. Encouraging return is quite obvious from this arbitrage as revealed from the following table. If one can buy NCDEX delivered quality from spot and delivered the same in NCDEX as tabulated below then he will get 3.91% in September and 5.97% in the month of October contracts on expiry. NCDEX deliverable quality is available in the spot for arbitrage. Note the absolute return vary from daily closing prices which need to watch closely.

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 Futures market)



Candlestick chart pattern reveals sideways trade in the market. Spot prices stays sideways almost by 5 week and almost forming a pennant in the chart. Any near term decline might lead the prices to test towards its EMA support zone which might lend underlying support to the prices. RSI stands supportive for the prices. Overall prices movement is likely to stay sideways with possibility of technical bounce from lower levels.

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 seen which might limit the excessive decline in chilli prices.
- Lower arrivals were reported from Guntur spot market during the the 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 th - 25 th August 2011) in bags	Arrivals during the week (11 th - 18 th August 2011) in bags	Arrivals during last year (18 th - 25 th August 2010) in bags
Guntur (Andhra Pradesh)	-7.41	125,000	135,000	125,000

1 Bag=45 Kgs

Red Chilli arrivals in Guntur were 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 could be seen.

Lower arrivals might limit excessive fall and stockists are not in hurry to liquidate their stocks at current quotes. They expect better prices during coming couple of week during as new crop arrivals will start only after 6-7 months. By this time the demand is likely to stay firm which might lend underlying support to the prices. Exporters are seen active at lower price level. Optimistic export outlook and greater demand expected going ahead with the festivals will keep chilli prices steady to firm.

Chilli Sowing Progress:

Red Chilli has been sown in 0.61 lakh hectares in A.P as on 24th August 2011. Farmers expects 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	
	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 Futures market)


Candlestick patterns show sideways trade from last couple of weeks and formed a base near 8000. This might act as strong support in near term. However, breaching the same might drag the prices to test towards 6890. Any technical bounce from its support might bring the prices towards its 9 & 21 Day EMA resistance zone thereby keeping the prices almost range bound during coming couple of weeks. RSI stands supportive for the sideways trade for short term.

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 (18th- 25th 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.

Fundamental analysis
Jeera Arrival Scenario:

Market	% Change during corresponding period last week	Arrivals during the week (18 th - 25 th August 2011) in bags	Arrivals during the last week (11 th -18 th August 2011) in bags	Arrivals during last year (18 th - 25 th August 2010) in bags
Unjha (Gujarat)	+190	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 lower supply in coming days with the lean season 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. With reducing stocks from these nations might stand supportive for Indian Jeera due to relatively better stock position couple with higher quality stocks available to offer exporters which is likely to keep export demand buoyant during going ahead. At the same time Masala millers might to cover up their Sep- Dec requirements thereby lending additional support to the jeera prices.

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	+3.57	14500	14000	14000	13150
	Jodhpur - Loose	Unch	13500	13500	14500-14800	13000-13200

Jeera Price Outlook

Technical Analysis (Futures market) Jeera: Unjha Mandi



Jeera Futures prices tested its resistance towards 16350 which act as a strong barrier and unable to close above the same. Moreover, the price is likely to stay sideways as revealed from Spinning top formation by candlestick showing indecisiveness. This might keep prices sideways with greater possibility to test its resistance again during coming couple of weeks. 9 and 21-day EMA which might act as strong support region. Market indicators RSI support current sideways movement.

Expected Price Range of Jeera at Unjha (INR/Qtl): 15440 – 16350.

Spot Market Recap

Black Pepper:

- Negligible 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.
- Flowering stages was found in pepper crop in Kerala and prospects of better production in coming season.

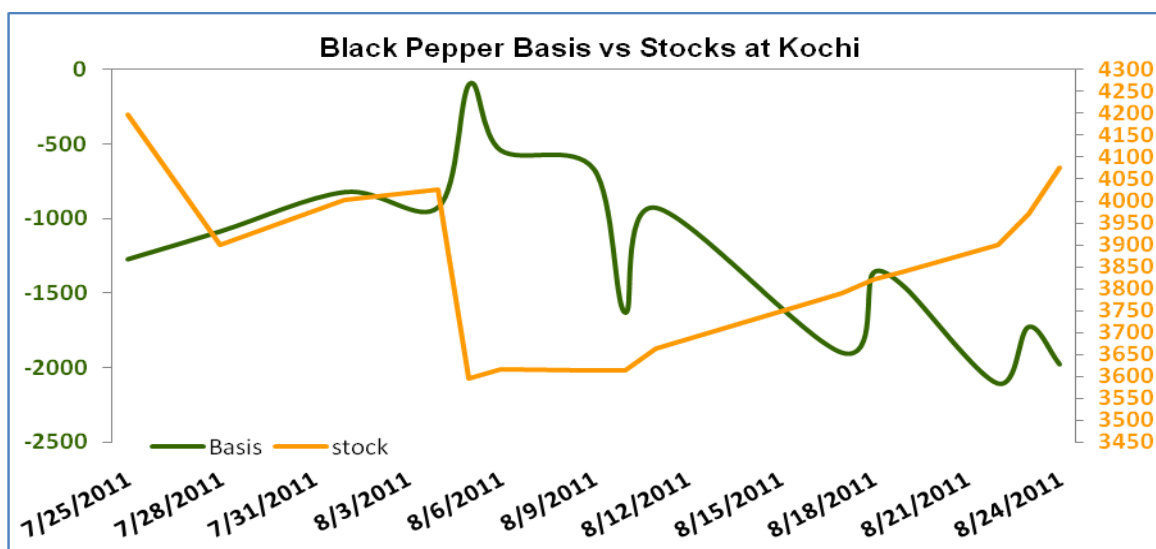
Fundamental Analysis
Black Pepper Arrival Scenario

Market	% Change during corresponding period last week	Arrivals during the week (18 th – 25 th August 2011) in tonnes	Arrivals during the last week (11th - 18th August 2011) in tonnes	Arrivals during last Year (18 th – 25 th 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 were reported from Kerala and Karnataka with together from the regions discussed is likely to stay 12000 – 15000 tonnes. At the same time expectations of higher demand in coming months from Oct to December might keep overall fundamentals firm. Overall global and domestic supply was down which is likely to keep pepper prices on encouraging note moving forward.

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 which might get translated into better production this year.

At trading front, the difference between spot and futures prices increased significantly. The following tables show the black pepper basis (Spot prices – Futures prices) and stocks analysis at Kochi market:



***Basis = Spot – Futures Prices**

There is an inverse relationship between basis and the stocks in the market. Significant surge in black pepper futures prices compared to almost steady spot result into marked decline in the basis as shown in the above chart. Marked decline in basis indicates lower spot prices and comparative higher future prices. This condition leads to spot-futures arbitrage. At the same time surge in demat stocks support our hypothesis and indicates slow continued demat process which helps to build up the exchange warehouse stocks. Meanwhile, it is important to note that the black pepper NCDEX quality is short in supply and not

easily available for fresh demat despite current arbitrage opportunity. Moving forward, we expect basis to improve i.e. spot and future prices are expected to align on approaching expiry of Sep contract, the arbitrage opportunity might vanish with any near to medium term improvement of basis.

Global Pepper Scenario:

In Lampung, pepper harvest is almost completed but lower production is reported y-o-y. This kept Indonesian black pepper prices firm despite new crop arrivals. At the same time, prices in other destinations also stay firm and 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 was 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 FOB price increase was only 1%. In China, the prices increased by 2% both in local and FOB basis. In Vietnam, the white pepper prices were reported stable.

At international front, India's black pepper is offered at USD 7,400 per ton (C&F) 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 (Futures market)
Black Pepper (Kochi Market)**


Black pepper prices are trading at its all-time high. Candlestick pattern reveals bullish sentiment in the market. Prices able to breach its key resistance level of 32000 indicating bull run might continue during coming couple of weeks. Prices stay considerably above 9 and 21-day EMA. RSI stand supportive for the bull run though it entered into overbought region. A correction is expected at these higher levels towards its resistance near 35000.

Expected weekly black pepper price range: 31268 to 32000.

Spot Market Recap
Cardamom:

- Cardamom harvest might gain momentum during coming couple of weeks with arrivals to increase.
- New crop arrivals improved which limits near term gains.
- As per trade sources, festive season demand might increase in coming days and is likely to lend underlying support to the prices at lower price quotes.

Fundamental Analysis:
Cardamom Arrival Scenario

Market	% Change during corresponding period last week	Arrivals during the week (18 th - 25 th August 2011) in bags	Arrivals during the week (11 th - 18 th August 2011) in bags	Arrivals during last Year (18 th - 25 th 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. Increase in arrivals primarily attributed to new crop arrivals as the second phase of harvest completed recently. Better cardamom production y-o-y and relatively higher stocks stand encouraging for the stockists to release their stocks keeping in view the festival demand. Old crop stocks are limited which are expected to get released in the spot during coming 1-2 weeks. At the same time new crop arrivals is likely to gain momentum for short term. Comfortable supply and lack of aggressive buying continue to weigh on the market sentiments. Meanwhile, demand is likely to improve for short term backed by coming festivals which is likely to lend underlying support to the cardamom prices. This would results into sideways price movement for short term.

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 15th of September onwards. However, rainfall might play a key role during the period and might hamper the harvest if it happens. As per weather forecast, there are minimum chances for rainfall to happen during 15th Sep and onwards.

Guatemala crop arrivals will be starts from November onwards with expectation of crop size to stay close to 20,000 tonnes as compared to the last year which was seen at 18,000 tonnes.

India continue to bag export orders till Nov first week when Guatemala starts shipping small cardamom from its ports. Export demand during the period is likely to shift towards Indian port which is likely to continue till Oct end to Nov first week from countries like UAE, UK, Japan etc. which might keep cardamom prices to stay range bound to firm for short term.

Weather Watch (27 August- 02 September):

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 Futures market
Cardamom (values in Kg)**


Candlestick chart pattern indicates sideways movement which is likely to continue in coming week. Cardamom prices might find support near 665 to 670 and technical buying is likely to instigate at these price levels. However, any near term technical bounce might find strong resistance towards its 9 and 21-day EMA which is likely to cap aggressive gains. RSI stands supportive for short term.

Expected Price Range of Cardamom (INR/Kgs): 665 – 756.

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