



FEBRUARY 1, 2011

SPICES

TECHNICAL RECOMMENDATIONS

Commodity	Contract	S3	S2	S1	CLOS	R1	R2	R3	Recommendations*
Pepper NCDEX	Feb-10	21748	21913	22156	22400	22564	22729	22972	Sell at 22480 TP 22200 SL 22640
Turmeric NCDEX	Apr-10	9572	9668	9788	9908	10004	10100	10220	Buy 9850 TP 10000 SL 9780
Jeera NCDEX	Feb-10	14216	14383	14544	14706	14872	15039	15200	Sideways
Chilli NCDEX	Feb-11	8239	8397	8605	8814	8971	9129	9337	Buy 8750 TP 9000 SL 8580
Cardamom MCX	Feb-11	1303	1332	1347	1362	1391	1420	1435.1	Sell 1377 TP 1345 SL 1402

PEPPER

Review

The pepper futures traded positive short covering on Monday. Futures started the day on lower note on extended losses. However, prices reverse the trend on short covering at lower levels. Lower level buying on previous huge losses further added to the upside and futures ended on higher note.

Outlook

The pepper futures are expected to open up on extended short covering on Tuesday. However, prices are likely to reverse the direction creating selling point at gains. As per trade sources, traders are buying a mix of both old and new and old crop at much cheaper rate. Average daily prices at spot market of Kochi were down to ₹21,300 for ungarbled and ₹22,100 for MG-1. As per trade sources, traders are buying a mix of both old and new and old crop at much cheaper rate which is creating pressure on prices. Prices quoted by India in international market are \$5,125-5150 per ton. According to derivative analysis, prices, volumes are rising while open interest is falling. Market has a lot of traders initiating from both sides but larger traders may be liquidating into the higher prices. The market may be vulnerable to large price swings as shorter time frame traders attempt to trade from both sides of the market but liquidating before end of- day. Often a signal of a market turns near-term or continued volatility.

TURMERIC

Review

Turmeric futures traded up on active buying on Monday. Futures started the day on lower note on cues from down spot market activity. However, prices bounced back on fresh buying at lower levels. Nonetheless, huge arrivals of fresh crop at spot market limit the gains and futures ended on positive note.

Outlook

The turmeric futures are expected to extend the gains on Tuesday. Lower level buying at futures may support the prices. As per trade sources, despite of moisture content traders are buying new crop against old crop because new crop is available at much below prices. However, overall movement is likely to be sluggish as traders are expecting further rise in arrivals in coming days. Average daily prices at spot markets of Nizamabad and erode were down to ₹12,500 and ₹13,500 per quintal respectively. Average daily arrivals at spot market of Nizamabad were 6000 bags while Erode market reported 6000 bags arrival of fresh crop. As per derivative analysis, over a period of time prices and volumes are rising while open interest is falling. Market has a lot of traders initiating from both sides but larger traders may be liquidating into the higher prices. The market may be vulnerable to large price swings as shorter time frame traders attempt to trade from both sides of the market but liquidating before end of- day. Often a signal of a market turns near-term or continued volatility.



JEERA

Review

The jeera futures extended the losses on active selling on Monday. From opening itself prices traded lower on strong selling pressure. Weak spot market trend on poor domestic and export demand further added to the down side and futures hit 2% lower circuit and ended down.

Outlook

The jeera futures are projected to continue the bearish trend on Tuesday. Extended selling can be seen initially. However, prices might show recovery on short covering at lower levels. Nonetheless, reports of new arrivals in market are likely to weigh on sentiments. Average daily prices at spot market of Unjha were down to ₹13,950 per quintal. Arrivals reported were higher to 4000-4500 bags (each bag= 55 Kg). According to derivative analysis, prices, volumes and open interest all are falling. If the total open interest is falling off and prices are declining, the price decline is being caused by disgruntled long position holders being forced to liquidate their positions. Bearish trend may continue till a sudden reversal happens in open interest or volumes traded.

Chilli

Review

The Chilli futures traded higher on lower level buying on Monday. Prices started the day on higher note on short covering. However, steady spot market activity pressurized the prices but futures witnessed good recovery on fresh buying at losses and ended up.

Outlook

The Chilli futures are projected to open up on Monday. Follow through buying may support the prices. However, correction on cues from steady to down spot market may pressurize the prices later in the day. According to traders, from February onwards second picking will be started and arrivals will increase which will create the pressure on prices. Average daily arrivals at spot market of Guntur were around 15,000 bags of old crop and 40,000 bags (15,000 bags of old crop)(1bag = 40Kg.). Prices quoted at spot market for old and new crop are ₹6,700- 7600 per quintal. According to derivative analysis, prices and open interest are rising while volumes are falling. Market is attracting late buyers & early shorts; market is vulnerable to a sharp correction but likely that that correction will be bought creating a buy point for uptrend.

Cardamom

Review

The Cardamom futures continued the bearish trend for 4th consecutive session on Monday. Futures started the day on lower note on continued selling. However, prices showed smart recovery on short covering but failed to sustain the losses. Moreover, weak spot market trend amid increased arrivals further weighed on the sentiments and futures ended on lower note.

Outlook

The Cardamom futures are projected to extend the losses on Monday. Extended selling pressure may pull down the prices. Sluggish spot market activity might further add to the down side. However, rumors of demand will come from north India due to wedding season may support the prices from lower levels. Daily total arrivals at different auctions were decline to 12,928 Kg. on Monday. Daily prices at different auctions were hovering in the range of ₹1196-1257 per kg. MCX warehouse stock of Cardamom as on 29th January 2011 was 26.4 tons. According to data released by Spices Board, cardamom export during April- December was around 700 tons down by 41% compared to 1190 tons during same period last year. According to derivative analysis, over a period of time prices, volumes and open interest all are falling. If the total open interest is falling off and prices are declining, the price decline is being caused by disgruntled long position holders being forced to liquidate their positions. Bearish trend may continue till a sudden reversal happens in open interest or volumes traded.



SOY COMPLEX

TECHNICAL RECOMMENDATIONS									
Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3	Recommendations*
Soybean CBOT	Mar-11	1402.1	1405.2	1408.6	1412.0	1415.1	1418.2	1421.6	Buy at 1408 TP 1421 SL 1399
Soybean NCDEX	Feb-11	2425	2437	2456	2475	2487	2499	2517.7	Buy at 2469 TP 2494 SL 2448
Soy Oil CBOT	Mar-11	57.5	57.7	57.7	57.81	57.9	58.1	58.2	Buy at 57.7 TP 58.1 SL 57.5
Soy Oil MCX	Feb-11	650.4	652.2	655.5	658.7	660.6	662.4	665.7	Buy at 658 TP 661 SL 655.5
Soy Oil NCDEX	Feb-11	648.3	650.9	654.8	658.7	661.2	663.8	667.7	Buy at 658 TP 661 SL 655.5
RM Seed NCDEX	Apr-11	2889.0	2907.0	2928.0	2949.0	2967.0	2985.0	3006.0	Sideways
CPO BMD	Mar-11	3729	3752	3792	3832	3855	3878	3918	Holiday
CPO MCX	Feb-11	565.0	567.4	571.0	574.6	577.0	579.4	583.0	Buy at 573.5 TP 576 SL 571

SOYBEAN

Review

Indian soybean futures staged a strong rise on Monday on follow through buying from investors. Positive trend in the overseas market lent support to the Indian market. CBOT soybean and MDEX palm oil futures were trading higher on Monday on global tight supply situation. Though Argentina had received intermittent rainfall last week-end, the ongoing port workers strike had a strong support to the market. On domestic front, speculative buying was seen in the market on anticipation of revival in demand for the produce. Spot markets witnessed a positive trend on emergence of fresh buying.

Outlook

The soybean futures are forecast to extend its bullish trend on Tuesday on continued buying interest. The rise in international market might render support to the Indian market. CBOT soybean futures ended higher on strong demand and tight supply condition. There has been shift in export demand from Argentina to US following port workers strike in Argentina. Moreover, week end rainfall across Argentina was disappointing thus raising concern over production prospect of soybeans. A rally in crude oil market also rendered support to the global edible oil market. In domestic market, limited supply of the produce at major spot markets might trigger the active buying interest. However, identification of Bird Flu in Japan is the worry factor for the market. Japan is the largest export destination for Indian soy meal shipment. Spot prices rose marginally yesterday on active buying interest from stockists and traders. Soybean spot price in Indore improved by ₹10-15 per quintal to ₹2430-2450 per quintal while soy meal prices improved by ₹100 to ₹18700 per ton. Derivatives analysis (rise in price, volume and marginal decline in open interest) is suggesting positive trend for the day.

SOY OIL

Refined soy oil futures traded on a positive note retreating from last week-end's weakness on short covering and emergence of fresh buying. In early part of the day, we have seen a short covering and later fresh buying taking cues from firm overseas market. Tight supply situation in global market and rise in crude oil prices added bullish strength to the world edible oil trade. Indian traders bought oil futures anticipating lower import in the month of January. Physical markets witnessed a good demand on expectation of start-of-month retail demand for oil. Overall, positive trend in international market was the major driving factor on Monday.



Outlook

The refined soy oil futures are forecast to trade on a positive note on extended buying interest. Positive trend in international market is likely to render support to the Indian market. CBOT soy oil futures ended higher by 1% on emergence of fresh buying supported by robust demand outlook. Rally in crude oil prices and BMD palm oil market lent support to the CBOT soy oil market. Supply disruption caused by floods in Malaysia helped BMD palm oil futures to end the day higher by 2.95%. Malaysian market will not operate today to Federal Territory Day. Indian physical markets are likely to witness an active buying from wholesale traders on expectation of revival in start-of-the-month retail demand.

RM SEED

Review

The mustard seed futures showed a volatile trend on Monday. Initially, prices tumbled due to selling pressure based on weak fundamental factors like bumper crop expectation and later prices recovered on short covering and taking cues from firm soy market. But, market settled at opening level erasing mid-day gains reacting to bearish fundamental factors.

Outlook

The mustard seed futures are projected to trade on a positive note in early trade of Tuesday on short covering and taking cues from firm soy market. However, gains could be limited as its underlying fundamental factors are little bit bearish for the market. New harvest season approaching and is likely to commence in a week time. We may witness flow of fresh produce to major physical market from mid-February. Production in the current year is likely to be in the range of 7.0-7.5 million tons against 5.92 million tons produced last year. According to Ministry of Agriculture, mustard seed acreage as on 27th January was 72.47 lakh hectares against 65.28 lakh hectares planted in the same period a year ago. Area in Rajasthan rose to 32.45 lakh hectare from 23.25 lakh hectares last year.



CEREALS & PULSES

TECHNICAL RECOMMENDATIONS									
Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3	Recommendations*
Wheat									
NCDEX	Feb-10	1351	1354	1357	1359	1363	1366	1369	Sideways
Maize NCDEX	Feb-10	1085	1089	1095	1101	1106	1110	1116	Buy above 1105 TP 1116 SL 1098
Chana NCDEX	Feb-10	2568	2584	2601	2617	2634	2650	2667	Sideways
Guar seed									
NCDEX	Feb-10	2746	2777	2807	2837	2868	2899	2929	Buy 2830 TP 2870 SL 2810
Guar Gum									
NCDEX	Feb-10	7404	7514	7680	7845	7956	8066	8232	Buy 7828 TP 7900 SL 7770

CHANA

Review

Chana futures traded down on Monday due to lack of demand across the spot markets. Absence of buying across the spot markets kept the prices under pressure. The spot prices in Delhi market hovered around Rs.2640/quintal. The futures witnessed extended profit booking.

Outlook

Chana futures are anticipated to open positive on some fresh buying. The prices might assume down side in the later part of the day as profit booking might happen. Sluggish buying across the spot markets is likely to pressurize the prices across spot markets in turn on the futures also. The arrivals from south India are ready to hit the markets in a short while. The decreased demand from the retailers and the millers is likely to keep the prices under pressure. All India acreage under chana has increased by 8% to 88.79 lakh ha as on 14th January. The decrease in prices, volume while the open interest is increasing indicates that market might remain bearish for the day.

GUAR SEED

Review

Guar seed and gum traded positive on Monday due to emergence of fresh buying at the futures platform. Strong demand for the guar seed (loose) kept the prices positive in the spot markets around ₹.2640/quintal (+20/quintal) while the all India arrivals remained stable at 30000 bags.

Outlook

The guar seed and guar gum futures are projected to trade upside for the day. The market participants feel that many new guar gum exporting companies might come up as the demand for the guar gum is strong in the current year. Lower arrivals amidst strong demand are might keep prices positive. The arrival season of the guar crop has almost come to an end across the spot markets. The expectations of increase in crude oil inventories in a short term are indicating strong global demand for the guar gum. The increase in the dematted stocks of the guar seed and gum is supporting is also indicating that the arbitragers and stockists are active across the spot markets. The derivative analysis suggests that the prices might remain bullish for the day.

WHEAT

Review

Wheat futures closed positive on Monday after a range bound movement. No major changes were reported from the spot markets as the activities were normal. On extended short covering the futures prices were trading positive.

Outlook

The wheat futures are expected to trade positive for the day. Normal market activities might support the prices to remain positive for the day. CBOT wheat prices are currently trading marginally negative by 0.5% after 2% positive closing on Monday. The acreage under wheat has increased by 9 lakh ha in the current rabi season. The government



targets to increase production from 80.70 million tonnes in 2009-10 to over 82 million tonnes in 2010-11. The decrease in price volume and open interest indicates the uptrend for the day.

MAIZE

Review

Maize futures continued the negative trend on Monday due to extended profit booking. The market participants feel the market was over bought and now the positions were getting liquidated. Arrivals were decreasing across the spot markets and the prices were almost unchanged.

Outlook

Maize futures are anticipated to trade positive trend for the day on short covering. Exporters' demand amidst the decreasing arrivals is likely to support the prices. As per the Agriculture Ministry's update of 21 Jan 2011, rabi maize acreage stands at 10.34 lakh hectares as on 21st January. The CBOT corn prices are currently trading marginally negative by 0.2% after a positive closing on Monday. The decrease in prices, volume and open interest suggests the prices may remain positive for the day.



OTHERS

TECHNICAL RECOMMENDATIONS									
Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3	Recommendations*
Mentha Oil MCX	Feb-11	1104.7	1120.5	1132.3	1144.0	1159.9	1175.7	1187.5	Sell 1148 TP 1128 SL 1153
Gur NCDEX	Mar-11	894.0	908.0	916.0	924.0	938.0	952.0	960.0	Sell 930 TP 918 SL 938
Cocud NCDEX	Feb-11	1129	1138	1148	1158	1167	1176	1186.0	Sideways
Kapas NCDEX	Apr-11	863	875	896	918	929	941	962.2	Buy 913 TP 928 SL 900
Kapas MCX	Apr-11	865	876	897	917	929	940	960.7	Buy 912 TP 928 SL 900
Potato MCX	Mar-11	662	667	671	675	679	684	688.2	Sell 677 TP 668 SL 682
Potato NCDEX	Mar-11	609	613	617	621	626	631	634.7	Sell 623 TP 616 SL 627
Sugar NCDEX	Feb-11	2691	2711	2729	2747	2767	2787	2805	Buy at 2745 TP 2763 SL 2729
Sugar MCX	Feb-11	2856	2869	2884	2900	2912	2925	2940	Buy at 2894 TP 2910 SL 2880

MENTHA OIL

Review

Mentha oil futures continued the losses on Monday. Futures opened on negative note on extended selling. Fresh selling on current month expiry pulled down the prices. Good sowing prospects and steady spot market further added to the down side and futures ended in red.

Outlook

Mentha oil futures are expected to continue the bearish trend on Tuesday. Active selling at futures may pull down the prices. Sluggish demand due to good sowing progress might further add to the down side. However, short covering during late hours can be seen. Average prices at Spot market of Chandausi were ₹1252-1265 per Kg. This a lean season for arrivals and sowing for next crop has been started in major growing area of Uttar Pradesh. MCX warehouse stock of mentha oil as on 29th January 2011 was 1695 tons. As per derivative analysis, over a period of time prices are falling while volumes and open interest are rising. If prices are in a downtrend and open interest is on the rise, chartists know that new money is coming into the market, showing aggressive new short selling. This scenario will prove out a continuation of a downtrend and a bearish condition.

KAPAS

Review

Kapas futures traded positive from the last five trading session at its all time high while the cocud futures traded negative and showed some signs of recovery towards the closing. The fundamentals across the spot markets are supporting the price trend as the exporters are aggressively buying amidst the lower arrivals.

Outlook

Kapas and cocud futures are expected to trade positive for the day. Technically corrections on the rally in the prices in the last few days can be witnessed. The exporters are aggressively buying across the spot markets at premium prices which is yet 30 cents lower than the international markets. International cotton prices are trading positive by 2%. Cotton Advisory Board (CAB) revised production estimate of 329 lakh bales (of 170 kg each), at least 210 lakh bales should have arrived by now. However, the trade sources estimate the cotton crop of the current year around 323 lakh bales. According to trade sources nearly three lakh bales of additional cotton is being exported due the late collation of data. The decrease in prices, volume and open interest can be seen indicates the uptrend for the day intact.



Price Movement

Commodity	Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Pepper	Feb-11	22270	22485	22077	22400	0.41%	5565	36.20%	8635	-0.18%
	Mar-11	22630	22893	22450	22775	0.37%	1523	53.84%	2160	14.71%
Turmeric	Apr-11	9774	9980	9764	9908	0.67%	2270	113.15%	6210	-2.28%
	May-11	9280	9420	9280	9348	0.43%	180	63.64%	2305	1.32%
Jeera	Feb-11	14877	14877	14549	14706	-1.15%	7533	-5.10%	9075	-2.89%
	Mar-11	15200	15298	14900	15058	-1.30%	7188	0.55%	16305	2.78%
Chilli	Feb-11	8744	8920	8554	8814	1.92%	2525	-8.68%	4635	1.09%
	Mar-11	9048	9240	8970	9142	1.87%	1810	-26.57%	5155	1.48%
Soybean	Feb-11	2455	2480	2449	2474.5	1.08%	48400	15.46%	155480	-1.36%
	Mar-11	2497	2527	2490	2518.5	1.33%	79720	122.68%	224440	-2.26%
Soy Oil	Feb-11	656	659.9	653.45	658.6	0.84%	87390	45.14%	75810	-12.76%
	Mar-11	664.5	672	655	670.3	1.29%	97970	204.92%	73590	3.11%
RM Seed	Apr-11	2949	2964	2925	2949	0.34%	43830	47.18%	63230	1.15%
	May-11	2978	3006	2967	2993	0.44%	32980	54.84%	64360	3.89%
Chana	Feb-11	2634	2634	2601	2617	-0.27%	73930	20.52%	91140	2.01%
	Mar-11	2650	2675	2636	2660	0.34%	70760	-14.55%	74220	-0.16%
Guar Seed	Feb-11	2829	2869	2808	2843	0.46%	220170	1.88%	148250	-9.04%
	Mar-11	2881	2927	2861	2903	0.76%	131460	12.68%	113790	9.09%
Guar Gum	Feb-11	7635	7901	7625	7835	2.15%	14905	4.01%	14100	-3.98%
	Mar-11	7799	8095	7762	8014	2.52%	20900	48.75%	42325	2.42%
Wheat	Feb-11	1356.8	1362.8	1356.8	1359.4	0.13%	1260	14.55%	5120	-5.54%
	Mar-11	1292.2	1295.2	1292	1294	-0.09%	170	-79.01%	5240	-1.50%

Stocks Update (As on January 29, 2011)

Commodity	In Demat (MT)	In process (MT)
Pepper	2110	36
Jeera	5798	431
Coriander	10980	1123
Soybean	7291	0
RM Seed	66709	0
Chana	18320	90
Guar	88371	1471
Guar Gum	18418	334
Maize	2092	152
Sugar M	789	0
Sugar S	64347	0
Cotton Seed Oil Cake	37846	3159



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