



FEBRUARY 2, 2011

SPICES

TECHNICAL RECOMMENDATIONS

Commodity	Contract	S3	S2	S1	CLOS	R1	R2	R3	Recommendations*
Pepper NCDEX	Feb-10	22114	22208	22328	22449	22542	22636	22756	Sideways
Turmeric NCDEX	Apr-10	9710	9806	9868	9930	10026	10122	10184	Sell below 9900 TP 9810/9780 SL 9960
Jeera NCDEX	Feb-10	14087	14306	14436	14566	14785	15004	15134	Sell at 14610 TP 14450 SL 14720
Chilli NCDEX	Feb-11	8235	8399	8513	8628	8791	8955	9069	Sell at 8670 TP 8580 SL 8750
Cardamom MCX	Feb-11	1285	1306	1335	1364	1385	1407	1435.8	Buy 1360 TP 1402 SL 1342

PEPPER

Review

The pepper futures continued the gains on Monday. Futures started the day on positive note on extended buying. However, prices decent correction on profit booking at gains but failed to sustain at lower levels. But overall movement was very sluggish as running arrival season is weighing on sentiments.

Outlook

The pepper futures are expected to trade positive on Wednesday. However, prices are likely to witness corrections in initial hours. However, lower level buying at corrections may support the prices later in the day. As per trade sources, traders are buying a mix of both old and new and old crop at much cheaper rate. According to traders, sluggish demand from exporter's side is limiting the gains as of now. They are waiting for the fresh orders from US and EU. However, investors from there are not ready to buy at prevailing prices. They are waiting for Vietnam crop to hit the market which is likely to set the prices trend of world pepper in international market. Average daily prices at spot market of Kochi were to ₹21,400 for ungarbled and ₹22,200 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 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.

TURMERIC

Review

Turmeric futures traded up on follow through buying on Tuesday. From opening itself prices started moving up on extended fresh buying. However, down spot market activity due to increase arrivals limited the upside throughout the day.

Outlook

The turmeric futures are expected to continue the gains initially on follow through buying on Wednesday. Demand for new crop due to lower prices as compared to old one is supporting the prices. However, overall movement is likely to remain sluggish as arrivals are likely to increase further in coming days. Average daily prices at spot markets of Nizamabad and erode were steady 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 Wednesday. Extended selling can be seen initially. However, prices might show recovery on short covering towards the closing. Nonetheless, reports of new arrivals in market are likely to pull down the prices. Average daily prices at spot market of Unjha were down to ₹13,900 per quintal. Arrivals reported were higher to 3000 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 lower on profit booking on Tuesday. Prices started the day on higher note on follow through buying. However, weak trend in spot market pulled down the prices and futures hit 2% lower circuit and ended in red.

Outlook

The Chilli futures are projected to open flat to lower on Wednesday on extended selling pressure. However prices are likely to witness smart recovery on short covering later in the day. According to traders, as of now demand for old crop is there in market due to poor quality of new crop. Nonetheless, February onwards 2nd picking will start which is likely to yield a good quality crop. Average daily arrivals at spot market of Guntur were around 10,000-15,000 bags of old crop and 45,000 bags (15,000 bags of old crop)(1bag = 40Kg.). Prices quoted at spot market for old and new crop are ₹6,800- 7600 per quintal. According to derivative analysis, over a period of time prices and volumes are falling while open interest is rising. It is a good indication that a sharp rally against downtrend will develop creating a sell point for downtrend.

Cardamom

Review

The Cardamom futures continued the bearish trend for 5th consecutive session on Tuesday. Futures started the day on lower note on extended selling pressure. However, prices showed smart recovery on short covering but recovery was not enough to reverse the trend and futures ended on slightly lower note.

Outlook

The Cardamom futures are projected to trade range bound during initial hours on Wednesday. Short covering started during yesterday's closing hours may support the prices. However, gains are likely to be limited due to steady spot market activity. Daily total arrivals at different auctions were decline to 39,060 Kg. on Thursday. Daily prices at different auctions were hovering in the range of ₹1204-1452 per kg. MCX warehouse stock of Cardamom as on 31st January 2011 was 27.6 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. As per derivative analysis prices and volumes are declining while open interest is increasing indicating a trend reversal. It is a good indication that a sharp rally against downtrend will develop creating a sell point for down.



SOY COMPLEX

TECHNICAL RECOMMENDATIONS									
Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3	Recommendations*
Soybean CBOT	Mar-11	1426.2	1431.1	1435.9	1440.8	1445.7	1450.6	1455.4	Buy at 1436 TP 1445 SL 1425
Soybean NCDEX	Feb-11	2450	2462	2474	2486	2497	2509	2520.8	Buy at 2482 TP 2510 SL 2462
Soy Oil CBOT	Mar-11	58.0	58.2	58.5	58.84	59.1	59.3	59.6	Buy at 58.75 TP 59.1 SL 58.30
Soy Oil MCX	Feb-11	653.1	655.5	657.6	659.7	662.1	664.5	666.6	Buy at 659 TP 662 SL 657
Soy Oil NCDEX	Feb-11	651.8	654.4	657.2	660.0	662.6	665.2	668.0	Buy at 659 TP 662 SL 657
RM Seed NCDEX	Apr-11	2888.0	2907.0	2922.0	2937.0	2956.0	2975.0	2990.0	Sideways
CPO BMD	Mar-11	3837	3854	3885	3916	3933	3950	3981	Holiday
CPO MCX	Feb-11	568.3	570.9	575.2	579.6	582.1	584.7	589.0	Buy at 579 TP 582/584 SL 576

SOYBEAN

Review

The NCDEX soybean futures advanced their uptrend for second consecutive day on Tuesday on follow through buying. Indian market took support from the rise seen in international market on Monday. CBOT soybean futures were higher due to shift in global soybean demand from Argentina to US following port workers strike in Argentina. Disappointing rainfall over week-end across Argentina also led to the rise. Overseas markets were positive due to supply demand mismatch. On domestic front, traders and investors bought futures anticipating revival in demand for the produce. Spot markets witnessed improved trade activity from crushers and traders.

Outlook

Bullish trend in the soybean futures market is likely to continue on Wednesday on follow through buying. Indian market is likely to move in line with strong overseas market. CBOT soybean futures rallied to 2 ½ years high on shift in demand from Argentina to US. Ongoing port workers agitation in Argentina has shifted the demand to US. Market participants are buying futures in CBOT in order to attract farmers to increase acreage under soybean attracted by higher price. Tight global supply situation on weather aberrations in key producing areas has been supporting the world oilseeds trade. On domestic front, traders and investors are likely to extend their buying on expectation of revival in demand for the produce. Bird Flu outbreak in Japan will have a little impact on Indian soy market as it is the first case found in the country. Japan is the largest export destination for Indian soy meal shipment. Soybean spot price in Indore improved further by ₹10-15 per quintal to ₹2450-2470 per quintal while soy meal prices improved by ₹100 to ₹18800 per ton.

SOY OIL

Refined soy oil futures showed a positive trend on Tuesday on follow through buying and taking support from firm overseas market. Rally in international market—driven by tight world veg oil supply and crude oil market—lent support to the Indian market. Sharp gains in CBOT soy market was due to improvement in world demand for oil and on expectation of tight balance sheet. Domestic traders bought oil futures anticipating revival in retail demand. Market moved higher on expectation of lower import of oil in January and February month due to port workers strike in Argentina.



Outlook

The refined soy oil futures are projected to trade on a positive note on Wednesday on follow through buying and taking support from strong overseas market. CBOT soy oil futures surged to their highest level since July 2008 on strong buying interest. Tight world supply of veg oil due to weather aberrations in key producing countries has been supporting the world oil trade. Shift in demand for oil from Latin America to US due to ongoing port workers agitation in Argentina rendering support to the market. BMD palm oil futures are trading higher by more than 2% tracking firm CBOT soy market and on concern of supply disruption due to floods in that country. On domestic front, traders are likely to buy futures anticipating decline in import of oil from Argentina due to lower crop expectation. Port workers strike might delay the shipment of oil to India. Spot prices are quoting at ₹644-646 per 10 kg.

RM SEED

Review

Mustard seed futures traded on a weaker note on Tuesday on emergence of fresh selling backed by bearish fundamental factors, Fresh crop harvesting phase is approaching resulting into weakness in the prices. Bumper crop expectation this year has been putting pressure on the market. Spot markets witnessed subdued trading thereby adding bearish trend for the futures market.

Outlook

Mustard seed futures are expected to open on a positive note taking cues from firm soy market. However, gains could be limited and later market might resume downtrend based on its bearish fundamental factors. 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. Derivative analysis (decline in price, volume and rise in open interest) is also suggesting continuation of weak trend for the day.



CEREALS & PULSES

TECHNICAL RECOMMENDATIONS									
Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3	Recommendations*
Wheat									
NCDEX	Feb-10	1338	1345	1352	1359	1366	1373	1380	Sell 1355 TP 1345 SL 1362
Maize NCDEX	Feb-10	1081	1089	1099	1109	1116	1124	1134	Buy 1104 TP 1116 SL 1097
Chana NCDEX	Feb-10	2566	2586	2599	2612	2632	2652	2665	Sell below 2600 TP 3578 SL 3620
Guar seed									
NCDEX	Feb-10	2785	2804	2821	2839	2857	2876	2893	Buy at 2835 TP 2860 SL 2818
Guar Gum									
NCDEX	Feb-10	7582	7653	7736	7820	7890	7961	8044	Buy at 7806 TP 7890 SL 7730

CHANA

Review

Chana futures remained positive on Tuesday due to short covering as the futures prices had closed lower than the spot on Monday. Towards the closing prices closed marginally negative. However the fundamentals across the spot markets were indifferent to this positive trend. Sluggish buying was reported across the spot which pressurized the prices by ₹40/quintal to quote at ₹2600/quintal.

Outlook

Chana futures are likely to open positive on extended buying at the futures platform. However the fundamentals across the spot markets are in different which would not support the positive trend to sustain. The down trend in prices might resume in the later part of the day. Buying across the spot markets is very sluggish which might keep the prices under pressure. The demand for chana dal and besan has very slack from the retailers across north India. The arrivals from south India have started hitting the markets in small quantities. The imports of 50000 tons yellow peas needs to be watched out. 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 negative on Tuesday due to profit booking on the previous rally. However in the spot markets guar seed loose prices remained stable around ₹.2640/quintal while the all India arrivals decreased to 25000 bags.

Outlook

The guar seed and guar gum futures are likely to open down on extended profit booking while the uptrend might resume as the spot fundamentals are bullish. Fresh exporters who are likely to start the new business of guar gum exports are aggressively buying across the spot markets. The fresh crop arrival season has almost come to an end across the spot markets. The decreasing arrivals amidst strong demand for the guar gum might keep prices positive. 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 decrease in the prices, volume and open interest are indicates the bullish trend to prevail for the day.



WHEAT

Review

Wheat futures traded positive in the initial hours and then resumed the down trend on Tuesday. The activities across spot markets were normal. The prices could not sustain at the higher levels as the fundamentals across the spot markets were not supportive.

Outlook

The wheat futures are expected to trade in a range for the day. Normal market activities and lower arrivals across the spot markets are likely to keep the prices in range. CBOT wheat prices are currently trading positive by 1% after negative closing of 0.5% on Tuesday. The concerns of lower availability of the mill quality wheat globally have kept the prices positive. 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 opened negative on Tuesday but due to extended profit booking. The demand was reported normal across the spot markets and the prices were steady around ₹1040/quintal in Nizamabad market.

Outlook

Maize futures are likely to continue the positive trend today. Steady buying amidst of the decreasing arrivals might keep the prices positive. The CBOT corn prices are currently trading marginally positive by 0.2% for a third consecutive day in the week. 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 increase in prices while volume and open interest are declining suggests the prices may remain negative for the day.



OTHERS

TECHNICAL RECOMMENDATIONS									
Commodity	Contract	S3	S2	S1	CLOSE	R1	R2	R3	Recommendations*
Mentha Oil MCX	Feb-11	1108.1	1122.6	1132.5	1142.3	1156.9	1171.4	1181.3	Sell at 1145 TP 1132 SL 1152
Gur NCDEX	Mar-11	875.8	889.2	896.8	904.5	917.8	931.2	938.8	Sell 909 TP 898 SL 917
Cocud NCDEX	Feb-11	1137	1147	1163	1179	1189	1199	1215.0	Buy 1175 TP 1188 SL 1168
Kapas NCDEX	Apr-11	894	906	930	954	966	978	1002.5	Buy at 948 TP 964 SL 940
Kapas MCX	Apr-11	891	903	929	954	967	979	1004.7	Buy at 948 TP 964 SL 940
Potato MCX	Mar-11	650	657	661	666	673	679	683.9	Sell 612 TP 605 SL 616
Potato NCDEX	Mar-11	591	599	604	610	618	626	631.2	Sell 668 TP 658 SL 672
Sugar NCDEX	Feb-11	2728	2739	2754	2770	2780	2791	2806	Buy at 2763 TP 2780/90 SL 2748
Sugar MCX	Feb-11	2877	2888	2897	2905	2917	2928	2937	Buy at 2900 TP 2924 SL 2883

MENTHA OIL

Review

Mentha oil futures traded highly volatile on Tuesday. Futures opened on positive note on fresh buying at lower level. However, prevailing sentiments in spot market pulled down the prices towards the closing and prices ended on marginally lower note.

Outlook

Mentha oil futures are expected to continue the bearish trend on Wednesday. Active selling on previous gains may pull down the prices. However, prices might show small recovery during the day. As per trade sources, sowing activity is gaining pace on favourable weather conditions. 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 31st January 2011 was 1695 tons. As per derivative analysis, over a period of time prices and volumes are falling while open interest is rising. It is a good indication that a sharp rally against downtrend will develop creating a sell point for downtrend.

KAPAS

Review

Kapas futures extended the positive and hit the upper circuit levels on Tuesday. Kapas futures are trading at it all time high currently on strong export demand for cotton. Cocud also traded positive tracking Kapas. Strong exporters demand and the higher international prices kept the cotton complex prices positive.

Outlook

Kapas and cocud futures might continue the positive trend for the day. Aggressive buying by the millers and the exporters across the spot markets at premium prices is supporting the uptrend. Premium prices quoted in Indian spot markets are yet 30 cents lower than the international markets. International cotton prices are trading positive by 1.5% for the third consecutive day of the week. 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 by the govt sources about the export allocations in December month. The increase in prices, volume and open interest suggesting the uptrend in the prices is intact.



Price Movement

Commodity	Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Pepper	Feb-11	22440	22515	22301	22428	0.12%	3650	-34.41%	8639	0.05%
	Mar-11	22800	22895	22699	22790	0.07%	1018	-33.16%	2330	7.87%
Turmeric	Apr-11	9950	10060	9902	9930	0.22%	2470	8.81%	6035	-2.82%
	May-11	9450	9460	9382	9432	0.90%	120	-33.33%	2310	0.22%
Jeera	Feb-11	14667	14874	14525	14566	-0.95%	7197	-4.46%	8820	-2.81%
	Mar-11	15080	15220	14890	14944	-0.76%	6528	-9.18%	16512	1.27%
Chilli	Feb-11	8800	8840	8562	8628	-2.11%	3230	27.92%	5110	10.25%
	Mar-11	9100	9218	8960	9002	-1.53%	2850	57.46%	5360	3.98%
Soybean	Feb-11	2480	2496.5	2473	2486	0.46%	47420	-2.02%	152080	-2.19%
	Mar-11	2510.5	2541	2510.5	2525.5	0.28%	64940	-18.54%	226430	0.89%
Soy Oil	Feb-11	659.5	662.4	657	660.15	0.24%	84770	-3.00%	77480	2.20%
	Mar-11	667	673.8	667	671.4	0.16%	83430	-14.84%	75900	3.14%
RM Seed	Apr-11	2947	2960	2926	2937	-0.41%	41310	-5.75%	68180	7.83%
	May-11	2992	3005	2972	2984	-0.30%	26100	-20.86%	67420	4.75%
Chana	Feb-11	2611	2639	2606	2612	-0.19%	58730	-20.56%	88370	-3.04%
	Mar-11	2655	2695	2652	2664	0.15%	81730	15.50%	75700	1.99%
Guar Seed	Feb-11	2840	2858	2822	2837	-0.21%	154830	-29.68%	138170	-6.80%
	Mar-11	2900	2920	2883	2897	-0.21%	120410	-8.41%	121900	7.13%
Guar Gum	Feb-11	7869	7877	7723	7808	-0.34%	8995	-39.65%	13415	-4.86%
	Mar-11	8047	8048	7901	7962	-0.65%	13030	-37.66%	41195	-2.67%
Wheat	Feb-11	1357	1365.8	1351.8	1358.6	-0.06%	1790	42.06%	4860	-5.08%
	Mar-11	1290	1296	1290	1292.2	-0.14%	570	235.29%	5130	-2.10%

Stocks Update (As on January 31, 2011)

Commodity	In Demat (MT)	In process (MT)
Pepper	2137	110
Jeera	6070	363
Coriander	11051	1405
Soybean	6369	0
RM Seed	59025	0
Chana	18320	271
Guar	89040	1741
Guar Gum	18622	796
Maize	2092	356
Sugar M	789	0
Sugar S	64347	0
Cotton Seed Oil Cake	39304	3004



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