



SPICES WEEKLY



A weekly fundamental and technical report on spices

14 September 2009

Jeera

Jeera futures maintained its downtrend during the week on account of improved monsoon rains across northwest India, which is likely to result in good sowing which will start in October. The active NCDEX October contract made a week low at 10680 levels, from a higher opening at 10925 levels and ended the week at 10773 levels, down by 1.27 percent. Volume has gone up by 5.27 percent while open interest has gone down by 5.85 percent during the week.

Factors to watch out:

- Continuity of weak export demand is the major setback for Jeera as of now
- According to market sources, the available stocks of about 84000 tonnes is sufficient to meet the demand till fresh arrival season starting from end of February 2010
- Domestic demand is expected to gain further in coming days due to upcoming festivals across the country
- Indian prices are now lower as compared to other competing countries but the export outlook is still vague as of now
- China prices are lower as compared to India and it has been exporting significant quantities to southeast Asian nations
- Decreased rainfall activity across northwest India in the coming week might increase the participation in the physical market
- Arrivals are remaining on the lower side in the major markets for now
- Spot rate has gone down by Rs 120 and hovering around Rs 11330 per quintal in the major market at Unjha
- Stocks at NCDEX accredited warehouses is 1194 tonnes as on 10 Sep'09, lower by 83 tonnes as compared to last week

Outlook:

Continuity of weak export demand is like to weigh on prices for now and hence Jeera futures are expected to maintain its downtrend.

Technical outlook:

Market is witnessing a crucial support at 10470 levels on breach and sustain below the same confirms downtrend in the near term. Market is trading below the short term (10, 20) and medium term (50) EMA signaling lower prices for next week. However, we expect a mild higher correction before resuming its down trend. On the higher side resistance is at 10790 then 11150 levels. The momentum indicator RSI (14) weekly is trading at 0.41 levels and showing lower potential. We expect prices to trade for coming week and recommend selling.

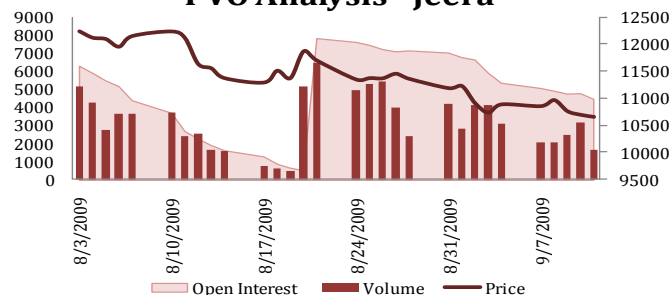
Recommendation: -Sell in the range 10880-950 targeting 10600 then 10400 with stop loss above 11150.

Futures prices

Contract	Sept	Oct	Nov
Open	10820	10925	11124
High	11039	11148	11279
Low	10555	10680	10815
Close	10618	10773	10904
% Change	-1.69	-1.27	-1.41
Volume	12735	20979	3009
% Change	-35.27	5.27	64.43
Open Interest	4020	7479	2430
% Change	-23.56	-5.85	173.65

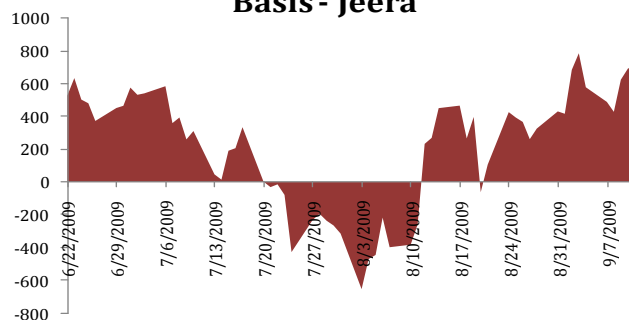
Derivative Analysis

PVO Analysis - Jeera



Basis

Basis - Jeera



Technical Analysis





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Turmeric

Turmeric futures traded on a positive note during the week on account of tight supply situation and gaining festive demand. The active NCDEX October contract made a week high at 7485 levels and a week low at 7043 levels. It closed at 7428 levels, higher by 1.21 percent.

Factors to watch out

- Domestic demand is strong as of now due to upcoming festivals across the country
- Lower arrivals in the major markets is also supporting the rise in prices for now
- As of now the major factor for the uptrend in prices has been shortfall of stocks, which is insufficient to meet the demand till fresh arrival season starting from January next year
- According to latest press release of Andhra Pradesh department of agriculture on 09 Sep'09, acreage under this spice is 0.48 lakh hectares this year as on date, 76 percent complete for this season and it is higher as compared to 0.42 lakh hectares sown last year till date
- There were apprehensions for fall in output next year due to deficient rains in the month of June and July, but recovered monsoon rains in the month of August compensated this
- There are expectations of emergence of export demand in the month of September after the Ramadan
- Spot rate in the major market at Nizamabad is hovering around Rs 8000 per quintal
- Stock position at NCDEX accredited warehouses is stagnant at 935 tonnes as per the latest update of 10 Sep'09
- The near month contract of September at NCDEX will expire on 18 of this month

Outlook

Turmeric futures are likely to maintain its uptrend during the week on account of tight supply situation and rising domestic demand. Firm spot rates are also expected to render the rise in prices fro now.

Technical outlook:

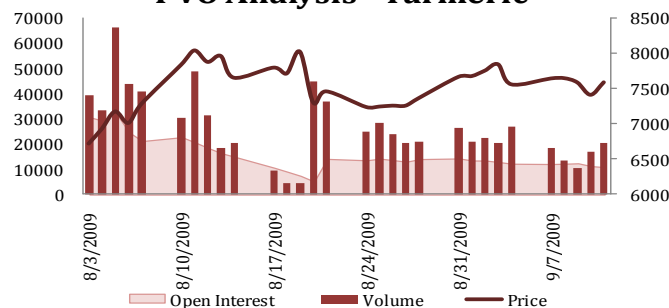
Market is trading in a consolidation phase from the past five weeks and expecting to continue the same trend for coming week. Moreover, we expect prices to trade ion the band of 7100-6900. Either side movement can be seen only on breakouts. The momentum indicator RSI (14) weekly is trading at 0.76 levels and expecting a lower correction. We expect sideways movements for next week.

Futures prices

Contract	Sept	Oct	Nov
Open	7600	7340	7220
High	7895	7485	7330
Low	7362	7043	6850
Close	7858	7428	7253
% Change	3.80	1.21	1.09
Volume	95250	56200	18700
% Change	-31.20	-16.81	-19.05
Open Interest	9850	9590	4460
% Change	-20.69	8.36	-11.16

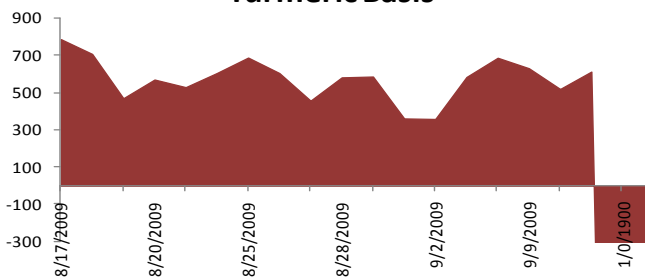
Derivative Analysis

PVO Analysis - Turmeric



Basis

Turmeric Basis



Technical Analysis





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Pepper

Pepper futures have fallen by 6.01 percent during the week on account of bleak outlook for export demand as of now. Moreover, improved monsoon rains in Kerala and Karnataka, the two major growing states also assisted the fall in prices. The active NCDEX October contract made a week low at 14032 levels, despite a higher opening at 15075 levels. It closed at 14219 levels.

Factors to watch out

- India export rate is now lower as compared to Vietnam, but it is still higher as compared to Indonesia and Brazil the two major competing countries
- Fresh exports demand is expected to pick up from Brazil in the month of September
- But the production of Pepper in Brazil has gone down by 25 percent to 35000 tonnes this year
- Vietnam is still left with 20000 to 25000 tonnes of the produce which it will be releasing gradually in coming months
- As per the statistics, USA has imported 5590 tonnes of Black pepper in the month of July 2009 which is 58.9 percent higher than the quantity imported during the same period last year, indicating the gain in global demand after the easing of global economic recession
- But the hard fact is quantity exported from India to USA is only 360 tonnes for the month of July 2009
- Thus, India stands at fourth place after Vietnam, Indonesia and Brazil
- USA has been the largest importer of Pepper from India
- There are also reports of active buying by USA in the months of June and July when prices were lower and hence the export demand expectation is still bleak for near future
- Spot rate of Pepper in the major market at Cochin has gone down by Rs 800 during the week to Rs 14100 per quintal
- Stock position at NCDEX accredited warehouses is 3867 tonnes as per the latest update of 10 Sep'09, higher by 313 tonnes as compared to last week

Outlook:

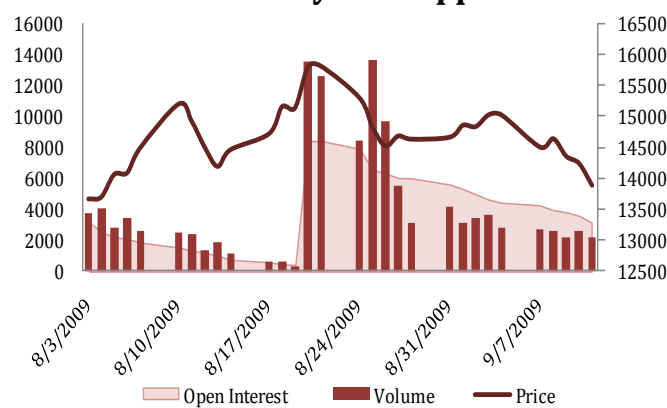
Due to continuity of bleak outlook for export demand in coming future, Pepper futures are expected to maintain its downtrend during the week.

Futures prices

Contract	Sept	Oct	Nov
Open	14849	15075	15250
High	14849	15098	15333
Low	13810	14032	14215
Close	13972	14219	14410
% Change	-6.11	-6.01	-6.59
Volume	13463	22795	804
% Change	-27.74	38.57	115.55
Open Interest	4252	6538	572
% Change	-5.11	24.20	44.44

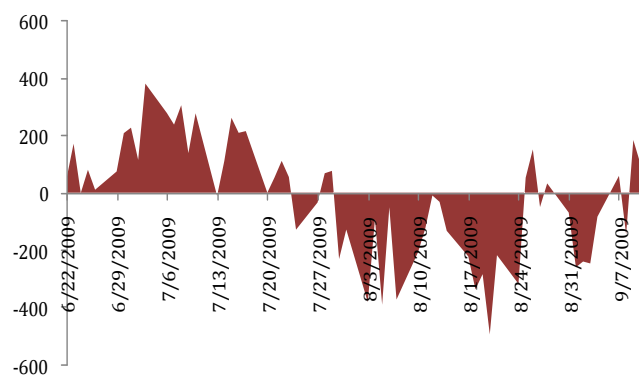
Derivative Analysis

PVO Analysis - Pepper



Basis

Basis - Pepper





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Chilli

Chilli futures are maintaining its downtrend on account of availability of enough stocks and improved monsoon rains in the major growing areas. The active NCDEX October contract opened the week at 5603 levels. The week low is at 5399 levels and closing is at 5425 levels, with a negative change of 4.39 percent.

Factors to watch out

- ❖ According to market sources, the availability of enough stocks is the major limiting factor for the rise in prices as of now
- ❖ Improved monsoon rains from the month of August have led to significant improvement in sowing for this spice
- ❖ As per latest press release of Andhra Pradesh government on 09 Sep'09, the acreage under this spice is 0.82 lakh hectare as on date against 0.88 lakh hectares sown in 2008 till date
- ❖ The sowing is 75 percent complete for this season as on date
- ❖ There are expectations of a good crop in 2010 as a sum total of fresh arrivals and carry forward stocks from this year
- ❖ Moreover, there are expectations of good crop in other major growing states of Karnataka and Maharashtra
- ❖ The stocks available at NCDEX accredited warehouses as on 10 Sep'09 is 896 tonnes, lower by 70 tonnes as compared to last week
- ❖ According to market sources, the stocks are old stocks and hence the buyers are quoting lower prices on quality concerns
- ❖ Spot rate in the major market at Guntur has gone down to Rs 5450 per quintal
- ❖ Export demand is limited to Bangladesh as of now. Domestic demand is expected to gain some momentum in coming week due to upcoming festivals

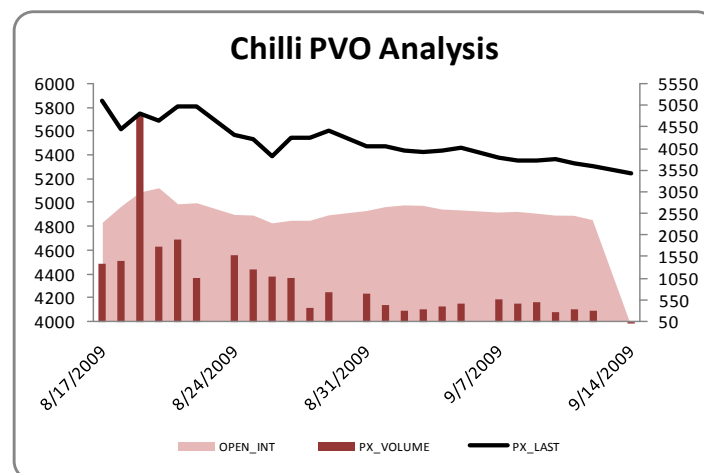
Outlook:

Chilli futures are expected to maintain its downtrend during the week supported by the availability of higher stocks and significant improvement in acreage under this spice due to recovery of monsoon.

Futures prices

Contract	Sept	Oct	Nov
Open	5425	5603	5265
High	5459	5609	5380
Low	5246	5399	5045
Close	5300	5425	5249
% Change	-3.00	-4.39	-2.76
Volume	2395	1235	150
% Change	-9.11	25.38	150.00
Open Interest	54	486	155
% Change	-63.01	10.96	2.65

Derivative Analysis





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