

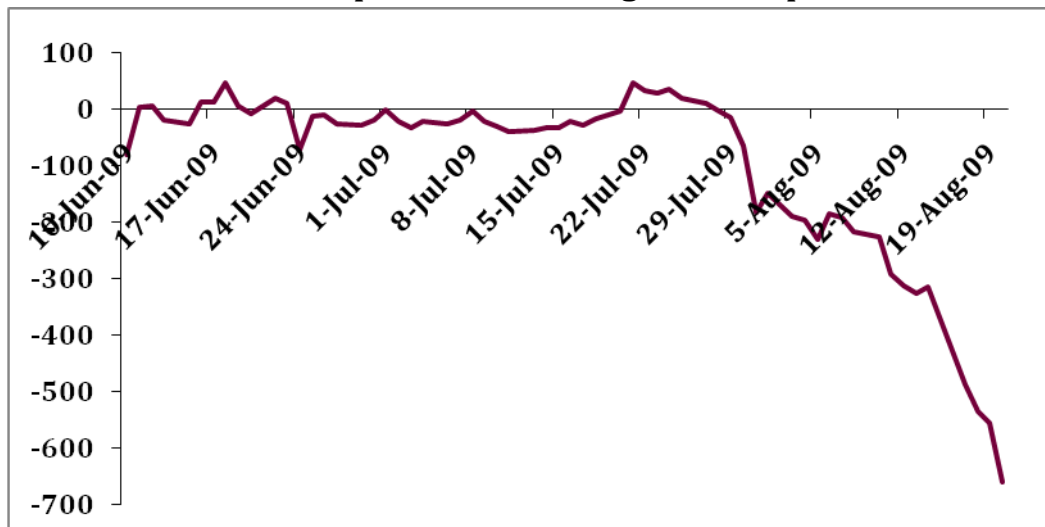
Turmeric Bear Spread Strategy

Turmeric is widely known as one of the most volatile commodity on the exchange platform (NCDEX). Contrary to the general trend in most of the other spices, Turmeric futures have been trading in backwardation starting from the month of June as the near month demand factor has overweighed the far month demand factor.

This year Turmeric prices have witnessed significant volatility. Prices were hovering around 3530 levels during the beginning of the year and made an all time high at 8298 levels on 18 Sep'09, up by 135 percent since January'09.

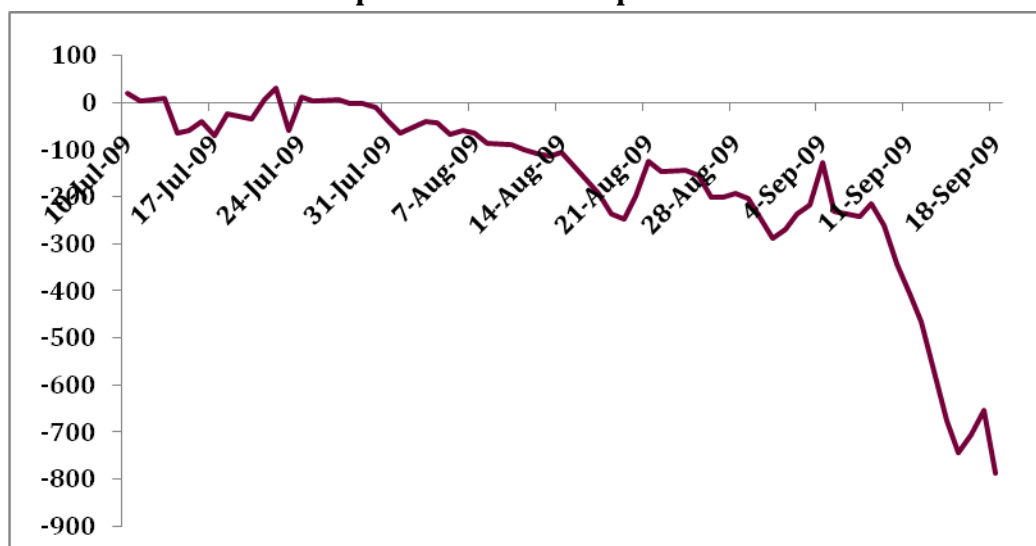
Turmeric marketing season continues for March to April. This year production has been lower by 4.3 percent to 281400 tonnes. The supply constraint came into picture from the month of June and hence led to the significant gains in near month prices as compared to far month prices.

Chart 1: Spread between Aug'09 and Sep'09



The two charts regarding the spread difference between (Aug'09 & Sep'09) and (Sep'09 & Oct'09) clearly depicts the trend. Prices either starting from positive zone or slight negative zone has expired in acute backwardation in similar pattern for all these three months

Chart 2: Spread between Sep'09 and Oct'09



Continuation of similar trend is expected for October and November contracts at NCDEX. The current difference is 338, CMP October: 7678 and CMP November: 7340. This difference is expected to widen and touch a target difference of around 450 to 500 prior to the expiry of October contract.

Initiate the spread recommendation at the difference of 260-270, Sell November and Buy October for a target of 450 with stop loss below 150. Current difference is 338.

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