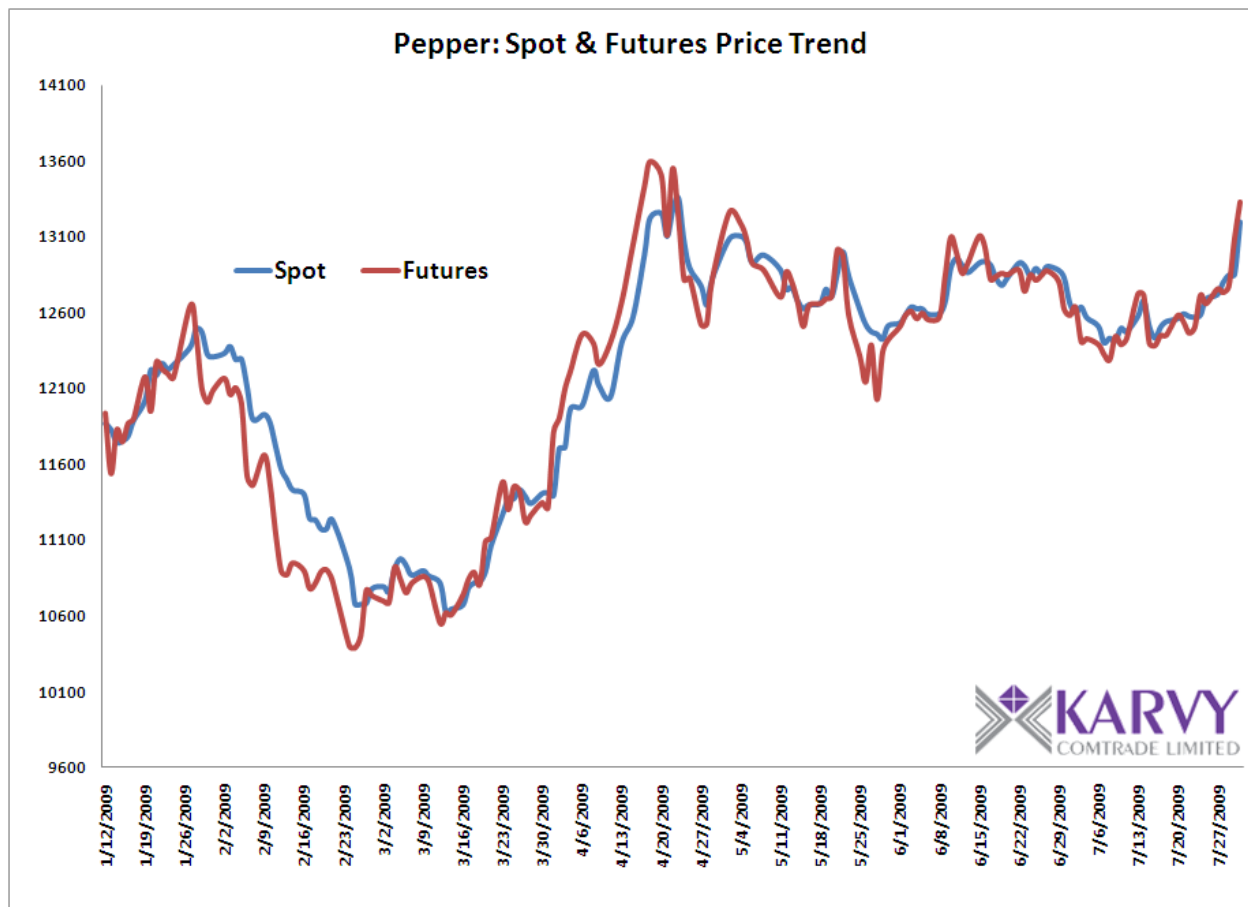


## Pepper: Investment Call

### (Buying Recommendation)

Pepper futures prices saw a sideways to downward bias since second fortnight of April after witnessing a sharp rise from around 10000 levels to 13500 levels. During June month, futures traded in a thin range due to lack of active trade participation in both spot and futures market. Domestic traders were in a wait and watch mode with the commencement of rainy season as it decides the production level for the current year. During early part of the June, the rainfall activity in pepper growing districts of Kerala was subdued raising concern over output for the current year. But, later monsoon revived in the month of July, which boosted the crop condition.



### Outlook

Pepper futures prices are expected to trade on a positive note in near term on emergence of fresh buying from stockists and traders

1. According to trade sources, the pepper production is expected to be in the range of 45,000-48,000 tonnes more or less same as that of last year

2. It is reported that tight supply condition in major producing countries is likely to support the upward trend in the prices
3. Indonesian export price increased to \$2750 per tonne from around \$2500 per tonne level
4. With the improvement in other origin prices, Indian parity price also increased substantially and presently quoting around \$2900 per tonne
5. The difference between Indian price and other origins has reduced dramatically to around \$150 per tones from \$300-\$400 per tonne reported one month back
6. According to market sources, Vietnam has shipped 10,000 tonnes from pepper during first half of July, bringing down its stocks to an estimated 20,000-30,000 tonnes
7. Indonesian crop is expected to be less due to unfavorable weather condition
8. Harvesting in Brazil is reportedly delayed by about a month and production is expected to decline

### Price target

Based on the above mentioned factors, pepper prices are expected to trade on a positive note in near. Hence, we are recommending buying on dips.

### Recommendation

**Pepper- September- NCDEX: Supports at 13000, 12500, Resistances: 14500, 15000, 15700 and then 16000.**

***We recommend buying 1<sup>st</sup> lot at 13400 2<sup>nd</sup> lot at 13000 and 3<sup>rd</sup> lot at 12700 targeting 15500-16000 with stop loss below 12200***

### Trade Payoff

Lots	Entry	Target	Stop loss	Profit	Loss
1	13400	16000	12000	26000	-14000
2	13000	16000	12000	30000	-10000
3	12700	16000	12000	33000	-7000
				89000	-31000

### Note:

The recommendation is given for the September contract. Our advice is that when the contract is nearing to expiry; roll-over the positions to next contract for the given target. At present, the difference between September and October contract is around Rs200 per quintal.

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