



# SPICES WEEKLY



A weekly fundamental and technical report on spices

8 March 2010

## Pepper

As per expectations, Pepper futures traded on a negative note during the week ended March 06, 2010 due to continued selling pressure on the exchange. The international market is gradually reviving after a month long holiday season but activity remained largely subdued due to lack of participation among sellers and buyers. The active NCDEX March pepper futures opened at 12800 levels and made a weekly high and low of 13139 and 12657 levels. It settled the week at 12784 levels, declining by 0.56%. Both the volume and the open interest for the NCDEX March contract declined by 7.82% and 6.92%, respectively, which indicate a turn to positive side.

### Factors to watch out

- According to Spices Board, pepper exports during April 09 to January 10 has been 16,250 tonnes valued Rs 25,897 lakhs
- Pepper exports during this period has been 25% lower in terms of quantity and 27% down in terms of value, compared to the same period in 2009
- Harvesting has started in Vietnam but fresh supply is likely to gather pace by the end of March
- Vietnamese sellers are taking orders for the supply of ASTA grade only from the last week of March or early April
- Fresh arrivals of Coorg crop (Karnataka) during the month of March might pressurize the prices
- In the international market, prices of India MG 1 Asta is quoting \$2,900-2,950 per tonne (fob), while Brazil Asta (fob), Brazil 500 GL and 550 GL are quoting 2800-2825, 2,625 and 2,725, respectively (fob) for the New York market
- There are reports stating crop loss in Brazil due to El Nino effect
- Spot prices are hovering around Rs 13,100 per quintal at the major market of Cochin, up by Rs 50 per quintal

### Outlook

Pepper futures are expected to trade sideways with a positive bias during the week due to tight supply amid expectations of gain in export demand.

### Technical outlook

Market is witnessing a key resistance around 13000 levels and a consistent break above these levels may push prices higher till 13300 & 13600 levels. Market is trading below 10 & 20 week EMA rendering lower side price movement in the near term. Market had taken 50% correction for its higher move from (9775-16140 levels). The momentum indicator RSI (14) is trading at 0.42 levels showing higher potential in the near term. Overall, we expect prices to trade sideways to higher for the week.

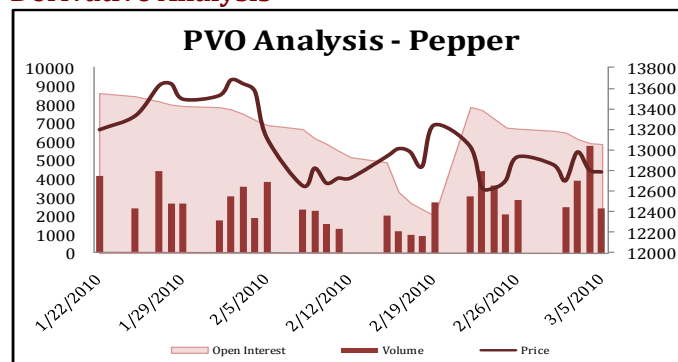
March: Supports: 12400, 12200. Resistances: 13000, 13300.

**Recommendation:** Buy on break of 13000 levels targeting 13300 & 13600 with stop loss below 12700.

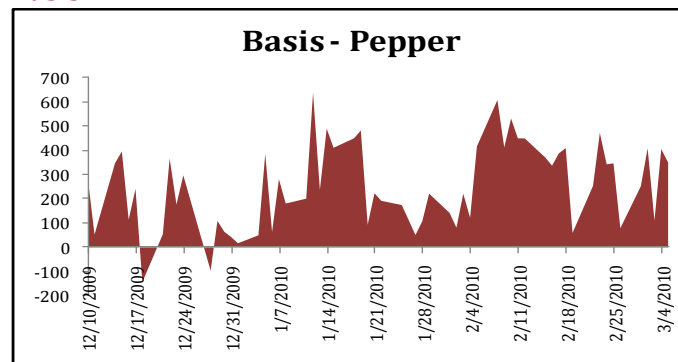
## Futures prices

Contract	Mar	Apr	May
Open	12800	13075	13221
High	13139	13397	13650
Low	12657	12891	13177
Close	12784	13045	13279
% Change	-0.56	-0.53	-0.67
Volume	15908	7641	427
% Change	-7.82	12.09	17.63
Open Interest	6147	3839	271
% Change	-6.92	39.04	34.16

## Derivative Analysis



## Basis



## Technical Analysis





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## Jeera

Jeera futures traded on a positive note during the week ended March 06, 2010 due to bargain buying on the exchange supported by the factor of good domestic demand. Arrivals were expected to increase significantly after Holi festival which could not be realized and hence prices maintained to rise for the week. However, weak export demand acted as a limiting factor for sharp gain in prices. The active NCDEX March contract Jeera futures opened the week at 11750 levels and made a weekly high and low of 12168 and 11262 levels. It closed the week at 11757 levels, gaining by 2.52%. The volume of NCDEX March contract rose by 6.08% while open interest has declined by 34.29%.

### Factors to watch out

- According to Spices Board, Jeera exports during April 09 to January 10 has been 38,500 tonnes valued Rs 42,976 lakhs
- Jeera exports during this period has been 15% lower in terms of quantity and 8% down in terms of value, compared to the same period in 2009
- Fresh arrivals for this rabi season spice are expected to increase in coming days as March is the peak arrival season for this spice
- Harvesting and post harvesting activities are going well across the major growing areas of Gujarat and Rajasthan supported by favourable weather
- According to market sources, overall crop production is expected to be 10-15% higher as compared to last year. Last year production was nearly 1.5 lakh tonnes
- According to Spices Board India, international prices of Indian, Chinese and Syrian cumin for New York as basis market remained stagnant at \$3.20 per kg, compared to the penultimate week
- Spot prices are hovering in the range of Rs 11,600 per quintal in the major market at Unjha, up by Rs 50 per quintal compared to last week
- Stock positions at the NCDEX accredited warehouses have gone down by 915 tonnes to 3,979 tonnes as per the latest update of Mar 06, 2010

### Outlook

Jeera futures are expected to trade sideways with negative bias this week on account of gaining pace of fresh arrivals and weak export demand. However, the fall might be restricted due to good domestic demand.

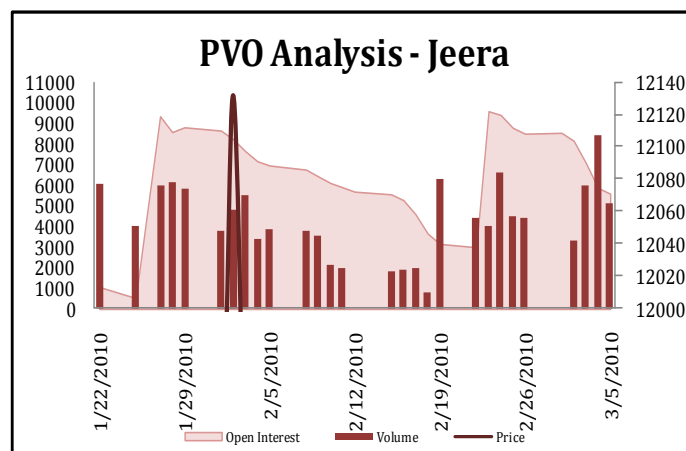
**Support:** 11800, 11550

**Resistance:** 12200, 12500

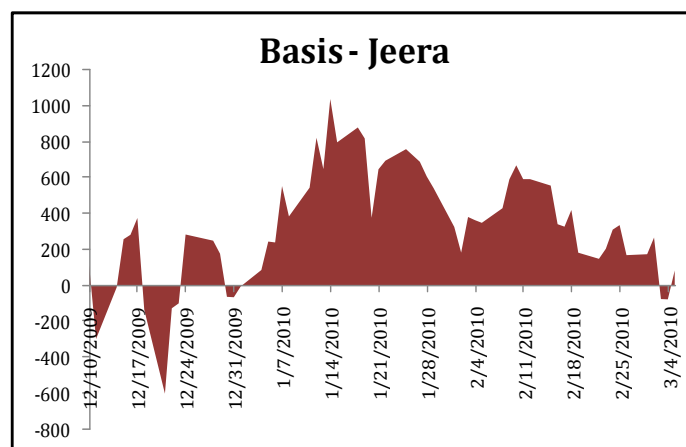
## Futures prices

Contract	Mar	Apr	May
Open	11750	12065	12400
High	12168	12462	12708
Low	11262	11463	6441
Close	11757	12178	11925
% Change	2.52	4.26	4.34
Volume	27291	33774	6441
% Change	6.08	86.76	141.51
Open Interest	5679	11634	2184
% Change	-34.29	14.40	133.10

## Derivative Analysis



## Basis





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## Turmeric

Turmeric futures traded on a positive note during the week ended March 06, 2010 due to continued fresh buying supported by the fundamental factors of good export demand and taking cues from higher spot rates. The active NCDEX April turmeric futures opened at 8599 levels and made a weekly high of 8775, higher than the previous week's high of 7719 levels. It made a weekly low of 7582, higher than the previous week's low of 7347 levels. It closed the week at 8775 levels, gaining by 15.67%. Both the volume and the open interest for the NCDEX April contract gained by 29.62% and 3.55%, respectively, which indicate the continuity of uptrend.

## Factors to watch out

- ✿ According to Spices Board, Turmeric exports during April 09 to January 10 has been 43,250 tonnes valued Rs 31,390 lakhs
- ✿ Turmeric exports during this period have been 5% lower in terms of quantity. However, it was 48% higher in terms of value, compared to the same period in 2009
- ✿ Turmeric prices have risen by 80% to an average rate of Rs 94.50 per Kg as compared to the same period last year
- ✿ The significant jump in prices for this spice have been triggered by stock shortage during 2009
- ✿ For the year 2010, production is expected higher by 30% to 3.85 lakh tonnes, compared to last year
- ✿ Export demand is on a rise for this spice which is leading to gain in prices
- ✿ Export demand is emerging from Dubai, Saudi Arabia, Malaysia, Bangladesh and Srilanka
- ✿ According to the Spices Board, the international prices for Alleppey 5.25 Curcumin for New York as basis market remained stagnant at \$2.82 per kg, compared to the penultimate week
- ✿ Spot prices are hovering around Rs 9500 per quintal in the major market at Nizamabad, up by Rs 600 while the prices at Erode market is hovering around Rs 10,200 per quintal, up by Rs 400, compared to previous week

## Outlook

Turmeric futures are expected to maintain its uptrend this week supported by gaining demand, both domestic and export demand.

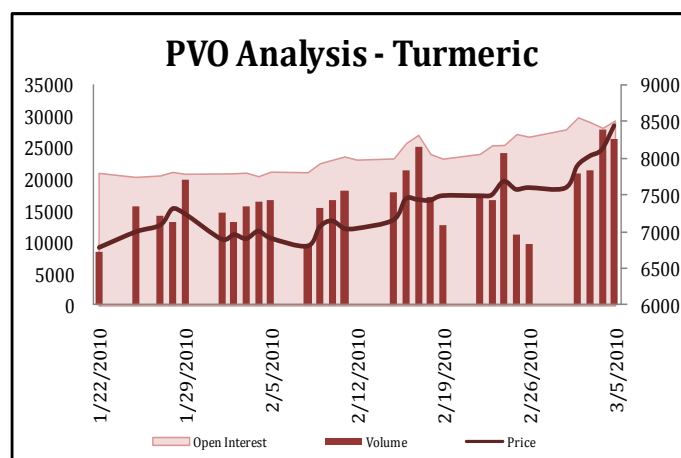
**NCDEX April Support:** 8800, 8660

**Resistance:** 10000, 10150

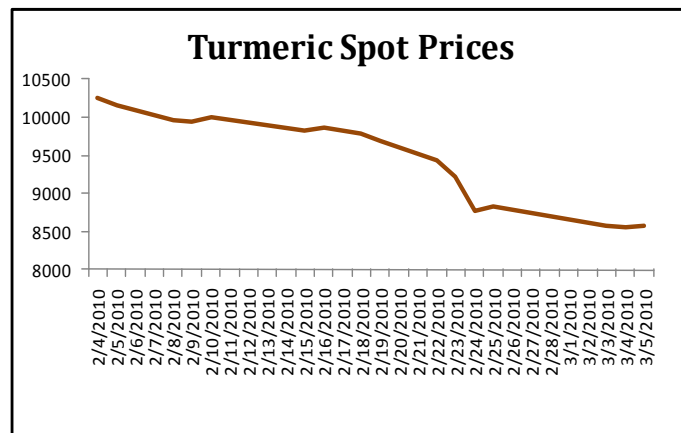
## Futures prices

Contract	April	May	June
Open	8599	8669	8729
High	8775	8869	8908
Low	7582	7661	7717
Close	8775	8869	8908
% Change	15.67	15.48	15.43
Volume	110160	23240	4590
% Change	29.62	38.25	16.79
Open Interest	28330	7400	1730
% Change	3.55	39.10	11.61

## Derivative Analysis



## Basis





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## Chilli

Chilli futures traded on a positive note during the week ended March 06, 2010 due to short covering and then fresh buying at the lower levels. Export demand for this hot spice is on a rise which is the major factor supporting the rise in prices. The active NCDEX February contract opened the week at 4825 levels and made a weekly high of 4850, higher than the previous week's high of 4762 levels. It made a weekly low of 4552, lower than the previous week's low of 4575 levels. It closed the week at 4835 levels, gaining by 5.09%. The volume of NCDEX March contract rose by 1.08% while open interest has declined by 85.90%.

### Factors to watch out

- ♣ According to Spices Board, Chilli exports during April 09 to January 10 has been 1,56,500 tonnes valued Rs 1,02,044 lakhs
- ♣ Chilli exports during this period have been 1% lower in quantity terms. However, it was 14% higher in value terms, compared to the same period in 2009
- ♣ Chilli export demand is sustained as of now from Middle East countries, Japan, Bangladesh and Srilanka, which is supportive for prices
- ♣ Domestic demand has also been on a rise for this hot spice
- ♣ Lower chilli crop from China helped in sustaining the export demand from India.
- ♣ The crop for 2010 is expected to be higher by 10-15%, compared to last year, to nearly 13 lakh tonnes
- ♣ The momentum of fresh arrivals is expected to increase during March, which might lead to some correction in prices
- ♣ Farmers need not to go for distress selling as they have the option of availing credit against the stock stored in warehouses
- ♣ According to Spice Board, the international price for INDIAN SANNM-4 (stem less) for New York as basis market remained stagnant at 2.54 US\$ per kg, compared to the penultimate week
- ♣ The spot prices have gone up by Rs 400 per quintal and is hovering in the range of Rs4800-5000 per quintal in the major market at Guntur

### Outlook

Chilli futures are expected to maintain its uptrend this week supported by good domestic and export demand.

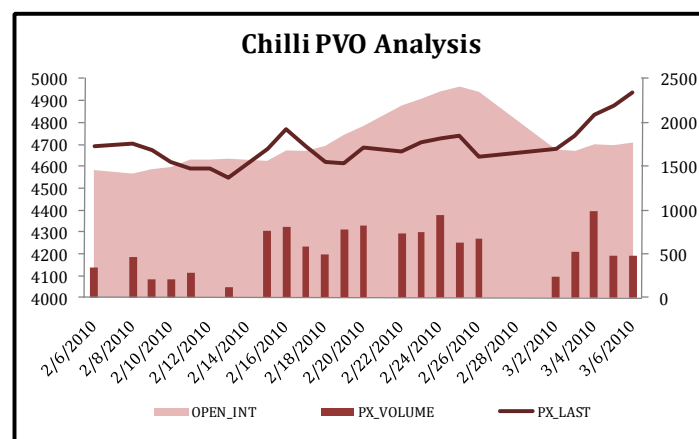
**Support:** 4930, 4850

**Resistance:** 5200, 5350

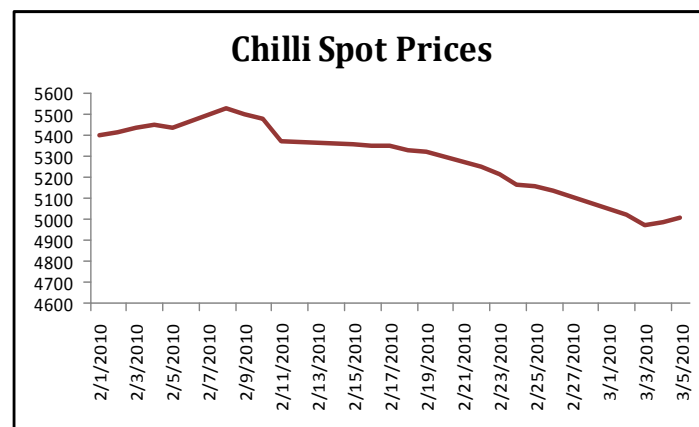
## Futures prices

Contract	Mar	Apr	Jun
Open	4825	4929	5135
High	4850	4955	5180
Low	4552	4658	4795
Close	4835	4939	5150
% Change	5.09	5.47	7.40
Volume	4200	2715	260
% Change	1.08	23.97	116.67
Open Interest	43	483	155
% Change	-85.90	-0.62	2.65

## Derivative Analysis



## Spot prices





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