SPICES WEEKLY

KARVY COMTRADE LIMITED

A weekly fundamental and technical report on spices — 10 April 2010

Pepper

As per expectations, Pepper futures traded on a negative note during the week ended April 10, 2010 due to weak demand both in the local and international markets. The active NCDEX April pepper futures opened the week at 15749 levels and made a weekly high and low of 15890 and 14850 levels. It settled the week at 15240 levels, declining by 3.00%. Both the volume and open interest for NCDEX April contract declined by 12.41% and 41.46% respectively, which indicates a turn to higher side.

Factors to watch out

- According to Spices Board latest report, Pepper exports during April-February 2009-10 has been 17,750 tonnes valued Rs.27,998.88 lakhs, which is 23% lower in quantity terms and 26% lower in value terms as compared to the same period last year
- Harvesting is near completion in Vietnam, the largest pepper producing country in the world. But, arrivals have remained limited due to reluctance on the part of growers to sell
- According to a survey report from Vietnam Pepper Association, Pepper production is lower by 20% as compared to last year to 90,000 tonnes
- Brazil production is also expected to lower by 40% as compared to last year which might support the upside in prices in the long term. Brazil and Indonesia crop comes to market by the months of July-September
- In the international market Indian origin black pepper is firm at $3,500 per tonne (fob), Indonesia Asta at $3,450 per tonne (fob), Vietnam Asta is down by $150 per tonne at $3,250 per tonne, Brazil Asta at $3,500 per tonne for the New York market, the change is as compared to last week
- Spot rate at the major market of Cochin has gone down by Rs.100 per quintal during this week to Rs 15,100 per quintal for garbled pepper MG-1 and down by Rs.100 per quintal for ungarbled pepper to Rs.14,700 per quintal
- Stock positions at the NCDEX accredited warehouses is 2379 tonnes as per the latest update of 09 April 2010

Outlook

Pepper futures are expected to trade on a positive note for the week supported by the fundamental factor of downward revision of production in some major pepper producing countries.

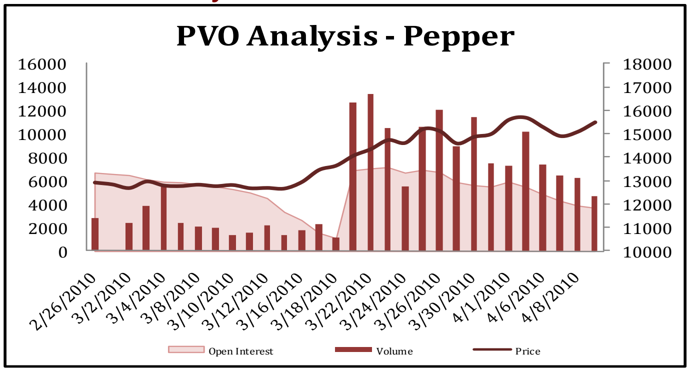
Technical outlook

In the last week, May contract Pepper prices witnessed a small correction and after making a low of 15140 it settled at 15550. Closing of the previous week's candle renders indecisive movements for the coming week. As per Fibonacci principles, market is having support at 15513 (23.6%level). Sustaining above 15513 can take pepper prices to previous week's high. The rise in the prices is also supported by good volumes indicating further upside. The momentum indicator RSI (14) weekly is treading at 0.59 and witnessing a trend line support suggesting a pullback on higher side. For the coming week market may face resistance at 16087-16289 level and support at 15513-15335. We expect the pepper prices to trade sideways to upper for the coming week.

Futures prices

Contract	Apr	May	Jun
Open	15749	15880	16150
High	15890	16195	16400
Low	14850	15140	15382
Close	15240	15550	15805
% Change	-3.00	-2.82	-2.73
Volume	37573	40438	1335
% Change	-12.41	73.91	27.39
Open Interest	3476	7561	533
% Change	-41.46	72.19	26.60

Derivative Analysis



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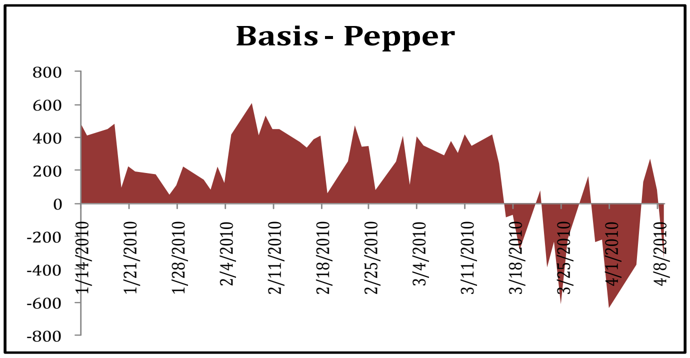

Technical Analysis



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Jeera

Jeera futures traded on a negative note during the week ended April 10, 2010 supported by the fundamental factor of lacklustre overseas demand. Jeera export demand has been remaining dull since the beginning of year 2010. Moreover, higher crop production expectation has also been weighing on prices. The active NCDEX April contract Jeera futures opened the week at 11768 levels and made a weekly high and low of 11780 and 11329 levels. It closed the week at 11442 levels, declining by 2.52%. Both the volume and open interest for NCDEX April contract declined by 40.51% and 19.83% respectively, which indicates a turn to positive side.

Factors to watch out

- Jeera exports during April-February 2009-10 has been 42,500 tonnes valued Rs.47,001.25 lakhs, which is 14% lower in quantity terms and 8% lower in value terms as compared to the same period last year
- According to market sources, Jeera crop for 2010 is expected nearly 13% higher as compared to last year at around 1.7 lakh tonnes
- Continuity of weak export demand has been another major factor leading to fall in prices. Jeera exports during February 2010 has been 4,000 tonnes valued Rs.4,025 lakhs, which is 6% lower in quantity terms and 12% lower in value terms as compared to the same period last year
- In 2009, during the months of March-April arrivals were remaining in the range of 15,000-16,000 bags per day, while this year arrivals as of now is sustained on the higher side at around 21,000-22,000 bags per day (1 bag = 60 kg)
- Domestic demand is increasing for this spice which will support the rise in prices
- There are reports stating that declining stock position with Syria and Turkey can provide some support to Indian Jeera in coming weeks
- According to Spices Board India latest update of 01 April 2010, 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 price has gone up by Rs.50 per quintal to Rs.11,700-11,800 per quintal in the major market at Unjha
- Stock positions at the NCDEX accredited warehouses have gone down by 1086 tonnes, to 6009 tonnes as per the latest update of 09 April 2010, as compared to previous week

Outlook

Jeera futures are expected to trade sideways to higher for the week supported by good domestic demand amid decreasing arrivals.

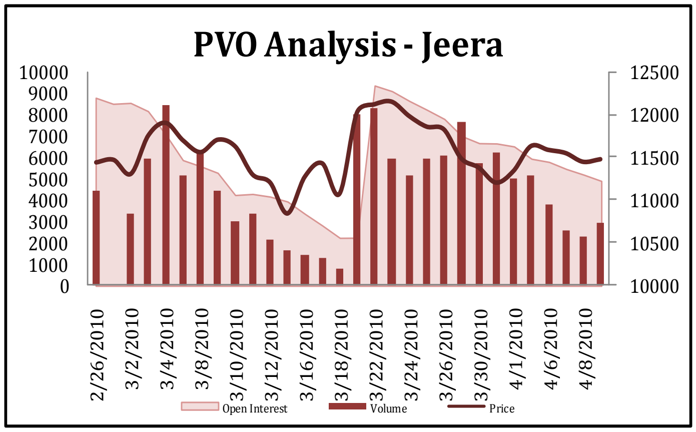
NCDEX April;

Support: 11300, 11145; **Resistance:** 11580, 11780

Futures prices

Contract	Apr	May	Jun
Open	11768	12060	12338
High	11780	12150	12421
Low	11329	11632	5877
Close	11442	11730	12383
% Change	-2.52	-3.04	-2.93
Volume	17700	31158	5877
% Change	-40.51	-1.49	-0.05
Open Interest	4851	14214	5667
% Change	-19.83	7.41	44.36

Derivative Analysis



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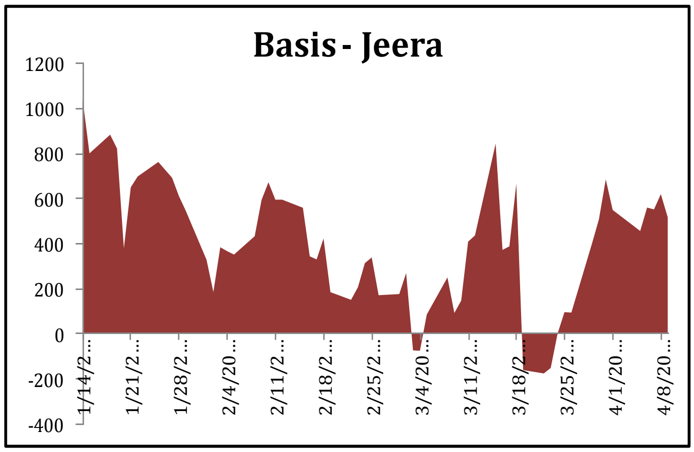



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Turmeric

As per expectations, Turmeric futures traded on a positive note during the week ended April 10, 2010 supported by the fundamental factors of good domestic and export demand. Arrivals were very high on Monday when the market had opened after a week-long gap. There onwards fresh arrivals remained on the lower side and supported the rise in prices. The active NCDEX April turmeric futures opened at 11582 levels and made a weekly high and low of 12225 and 11112 levels. It closed the week at 11720 levels, gaining by 1.94%. The volume for NCDEX April contract rose by 20.39% while open interest declined by 13.12%, which indicates the continuity of uptrend.

Factors to watch out

- Turmeric exports during April-February 2009-10 has been 46,000 tonnes valued Rs.33,889.50 lakhs, which is 6% lower in quantity terms but 48% higher in value terms as compared to the same period last year
- Sustained overseas demand has been on of the major factor leading to rise in prices
- Export demand is still sustained from Middle East countries which will support the rise in prices
- Domestic demand is showing some signs of decline with constant rise in prices
- Although Turmeric production for 2010 is expected 30% higher as compared to last year to nearly 3.85 lakh tonnes, but fears of stock shortage due to lower carry forward stocks from 2009 is leading to rise in prices
- Sustained higher arrivals in the coming week might limit the sharp gain in prices
- According to the Spices Board latest update of 01 April 2010, the international prices for Alleppey 5.25 Curcumin for New York as basis market remained stagnant at $3.75 per kg, compared to the penultimate week
- According to the Spices Board latest update of 03 April 2010, the domestic prices for Nizamabad turmeric for Mumbai as basis market has been lower by Rs.4 per kg to Rs.121 per kg, compared to penultimate week

Outlook

Turmeric futures are expected to trade range bound for the week due to the balanced effect of good export demand and higher arrivals.

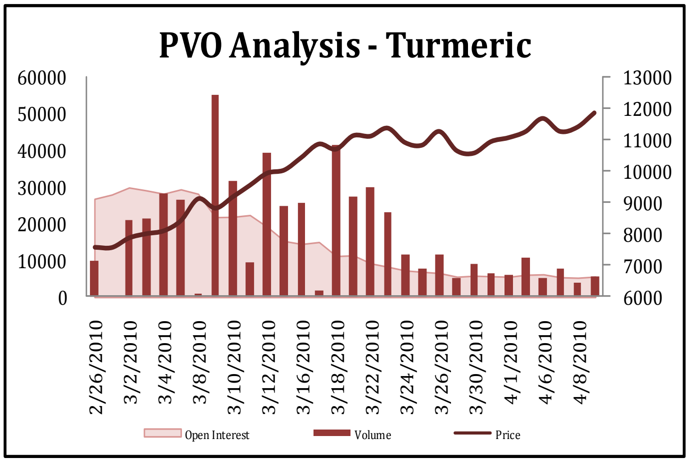
NCDEX April;

Support: 11112, 10650; **Resistance:** 12050, 12225

Futures prices

Contract	April	May	June
Open	11582	11304	11315
High	12225	11880	11710
Low	11112	10624	10550
Close	11720	11440	11339
% Change	1.94	1.02	0.21
Volume	36020	71830	14010
% Change	20.39	45.76	51.13
Open Interest	5230	10630	5880
% Change	-13.12	32.21	46.63

Derivative Analysis



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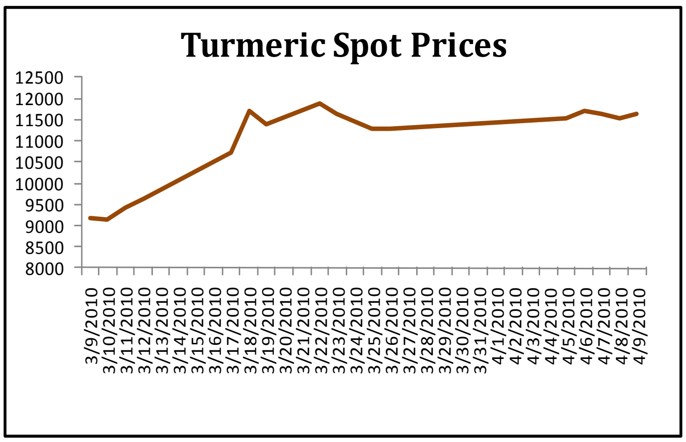



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Chilli

As per expectations, Chilli futures traded sideways to lower during the week ended April 10, 2010 weighed by the factor of higher arrivals. In fact, fresh arrivals had been restricted at the major market of Guntur on Thursday, 08 April 2010 to clear the stock pile. The fundamental factor of higher production expectations also supported the fall in prices. The active NCDEX April contract opened the week at 4667 levels and made a weekly high and low of 4692 and 4572 levels. It closed the week at 4625 levels, declining by 0.75%. The volume for NCDEX April contract rose by 45.41% while open interest declined by 8.96%, which indicates a turn to lower side.

Factors to watch out

- Chilli exports during April-February 2009-10 has been 174,250 tonnes valued Rs.112,343.50 lakhs, which is 2% higher in quantity terms and 15% higher in value terms as compared to the same period last year
- March-April is the peak arrival season for this spice crop, so arrivals are expected to remain in the range of 1,00,000-1,20,000 bags in the coming week
- Sustained higher arrivals might offset the gains due to good export demand
- The major reason supporting the export demand for Indian Chilli is reports of lower crop from China
- Although, the data is not available but according to market sources, chilli production in China has been lower this year
- This major buyers of Indian chilli are Bangladesh, Malaysia, U.S.A., U.A.E., Srilanka and Pakistan
- Domestic demand is on the lower side due to increasing mercury levels across north India
- According to Spice Board latest update of 01 April 2010, the international price of 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 has gone down by Rs.150 per quintal and hovering in the range of Rs.4,000-4,300 per quintal in the major market at Guntur
- Stock positions at the NCDEX accredited warehouses have gone up by 370 tonnes, to 2104 tonnes as per the latest update of 09 April 2010, as compared to previous week

Outlook

Chilli futures are expected to remain range bound in the coming week due to the balanced effect of good export demand and higher arrivals.

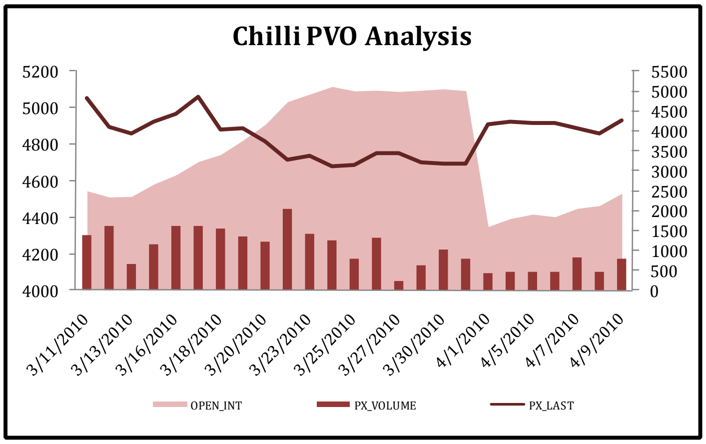
NCDEX April;

Support: 4550, 4460; **Resistance:** 4690, 4800

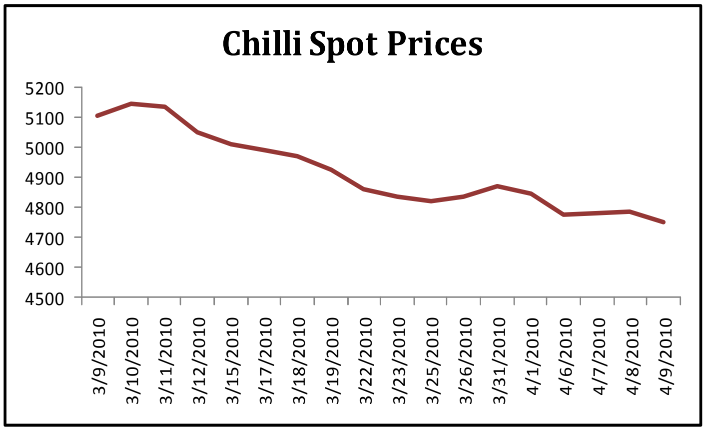
Futures prices

Contract	Apr	Jun	Jul
Open	4667	4925	5056
High	4692	4990	5380
Low	4572	4852	5056
Close	4625	4892	5185
% Change	-0.75	-0.63	0.68
Volume	6420	3290	1445
% Change	45.41	41.51	85.26
Open Interest	43	483	155
% Change	-8.96	33.61	56.52

Derivative Analysis



Spot prices



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