SPICES WEEKLY

KARVY COMTRADE LIMITED

A weekly fundamental and technical report on spices

17 April 2010

Pepper

Pepper futures traded on a negative note during the week ended April 17, 2010 due to weak demand both in the local and international markets. The active NCDEX May pepper futures opened the week at 15600 levels and made a weekly high and low of 15820 and 15175 levels. It settled the week at 15220 levels, declining by 2.27%.

Factors to watch out

- According to latest reports, Vietnam has been gradually reducing its rates and it seems to gear up for offloading its stocks in the market
- The flow of stocks in both the local and international market has remained limited this year
- But, the situation seems to easing now, with Vietnam willing to sell in the international market and availability of Karnataka pepper in the domestic market
- Karnataka pepper is preferred for domestic consumption and is available at lower rates as compared to MG-1 Kerala Pepper
- In the international market Indian origin black pepper has gone up by $100 per tonne to $3,600 per tonne (fob) while Indonesia Asta is down by $250 per tonne to $3,300 per tonne (fob), Vietnam Asta is down by $100 per tonne at $3,100 per tonne, Brazil Asta down by $300 per tonne at $3,200 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 15,000 per quintal for garbled pepper MG-1 and down by Rs.200 per quintal for ungarbled pepper to Rs.14,500 per quintal
- Stock positions at the NCDEX accredited warehouses have gone up by 144 tonnes to 2523 tonnes as per the latest update of 15 April 2010. This change is as compared to previous week

Outlook

Pepper futures are expected to trade on a negative for the week taking cues from the lacklustre buying activity in the local and international markets. Availability of pepper from Karnataka is also expected to result in some cooling effect on prices.

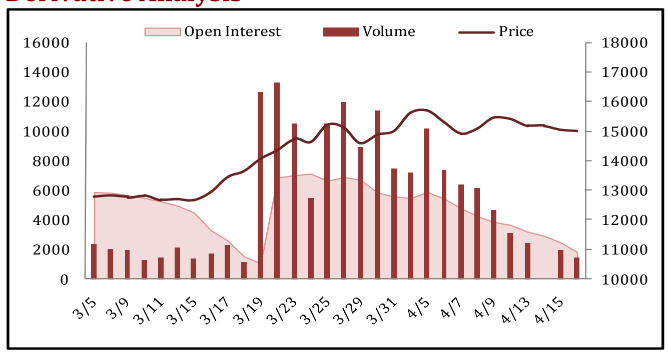
Technical outlook

Pepper May NCDEX futures witnessed a downside fall from penultimate week. As per Fibonacci principles, market is witnessing a support at 38.2 %(15021) retracement of the range 16283-12980 on break below expected to touch 14630. Trading below 10 & 20 EMA (15449 & 15295) on daily charts suggests further weakness in coming trading sessions. However, if market fails to breach 15020 levels expected to trade sideways for coming week. The momentum indicator RSI (14) weekly is treading at 0.48 levels and showing a lower potential. We recommend sell at a rise till 15445 levels. **Recommendation:** Sell at 15445 TP 15000/14800 SL 15645.

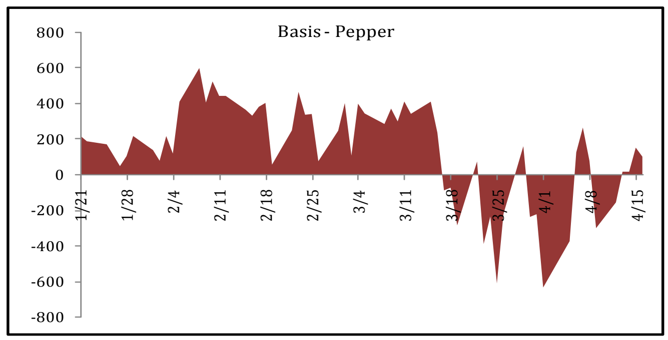
Futures prices

Contract	Apr	May	Jun
Open	15314	15600	15703
High	15485	15820	16060
Low	14840	15175	15425
Close	14870	15220	15495
% Change	-2.57	-2.27	-2.13
Volume	9985	24689	1487
% Change	-73.43	-38.95	11.39
Open Interest	1512	9412	826
% Change	-59.19	25.29	55.26

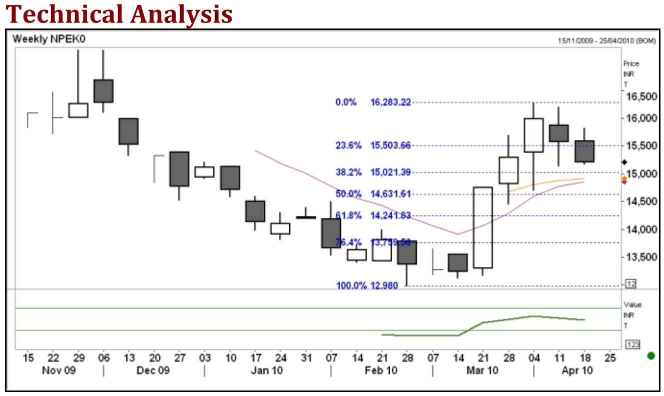
Derivative Analysis



Basis



Technical Analysis



NCDEX	S2	S1	R1	R2
May	14630	15020	15450	15700



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Jeera

Jeera futures traded on a negative note during the week ended April 17, 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 May contract Jeera futures opened the week at 11725 levels and made a weekly high and low of 11850 and 11607 levels. It closed the week at 11682 levels, declining by 0.43%. Both the volume and open interest for NCDEX April contract declined by 39.28% and 2.41% respectively, which indicates a turn to positive side.

Factors to watch out

- Weak overseas demand has been the major factor leading to bearish sentiments for Jeera prices
- Since the beginning of the year 2010, Jeera exports have remained subdued
- Last year Syria, Turkey and Iran, the three major competitors for India, had a good harvest for Jeera. The production in these countries was up by nearly 12%, 23% and 40% respectively
- The sustained flow of stocks from these countries in the international market has also subsided the export demand for Indian Jeera
- Crop sowing is in progress in Syria and Iran and the acreage estimates are expected to be available by the month of May which might give a fresh direction to prices
- According to market sources, Jeera crop for 2010 is expected nearly 13% higher as compared to last year at around 1.7 lakh tonnes
- 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 09 April 2010, international prices of Indian, Chinese and Syrian cumin for New York as basis market, has gone up by $0.09 per kg to $3.29 per kg, compared to the penultimate week
- Spot price has gone down by Rs.50 per quintal to Rs.11,600-11,800 per quintal in the major market at Unjha
- Stock positions at the NCDEX accredited warehouses have gone up by 580 tonnes, to 6589 tonnes as per the latest update of 15 April 2010. This change is as compared to previous week

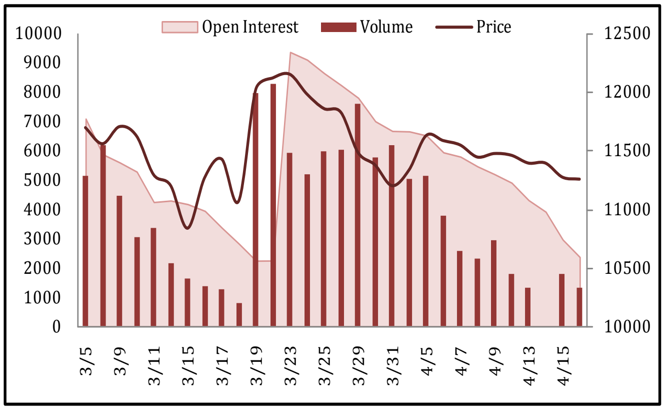
Outlook

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

Futures prices

Contract	Apr	May	Jun
Open	11426	11725	12000
High	11497	11850	12135
Low	11212	11607	5706
Close	11280	11682	12020
% Change	-1.31	-0.43	-0.50
Volume	7071	18918	5706
% Change	-60.05	-39.28	-2.91
Open Interest	2013	13860	10824
% Change	-58.50	-2.41	32.31

Derivative Analysis



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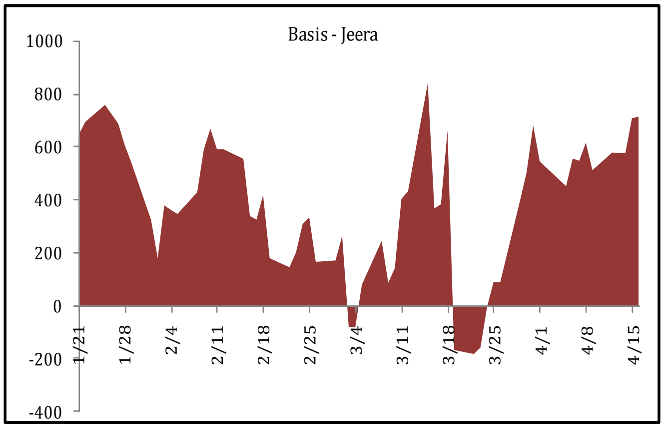

NCDEX	S2	S1	R1	R2
May	11100	11440	11760	12000



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Turmeric

As per expectations, Turmeric futures traded on a positive note during the week ended April 17, 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 May turmeric futures opened at 11410 levels and made a weekly high and low of 12935 and 11410 levels. It closed the week at 12581 levels, gaining by 10.01%.

Factors to watch out

- Sustained export demand from Middle East countries is the major factor supporting the rise in Turmeric prices
- India is the largest producer, consumer and exporter of Turmeric in the world and exports nearly 15% of the total production
- Domestic demand is good for this spice and hence supportive for prices
- Turmeric rise in prices has also been led by the factor of lower carry-forward stocks
- According to market sources, the total supply for 2010 has been estimated at around 3.92 lakh tonnes while the demand for the year has been estimated nearly 4 lakh tonnes, which indicates stock shortage. The concerns of stock shortage is also assisting the rise in prices
- Arrivals are gradually declining to the physical market as peak arrival season is getting over
- According to the Spices Board latest update of 09 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
- Spot rate at the major market of Nizamabad has gone up by Rs.400 per kg and hovering around Rs.12,400 per quintal while the rate at Erode market has risen by Rs.500 per quintal to Rs.13200 per quintal

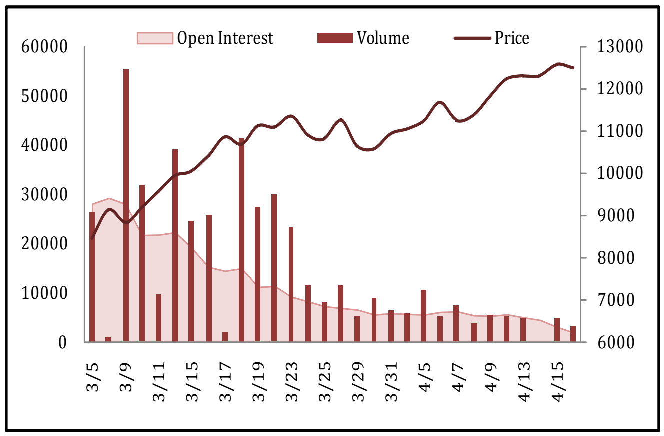
Outlook

Turmeric futures are expected to trade sideways to higher for the week supported by the factor of good domestic and export demand.

Futures prices

Contract	April	May	June
Open	11800	11410	11300
High	12890	12935	12966
Low	11743	11410	11300
Close	12573	12581	12580
% Change	7.00	10.01	11.36
Volume	18950	69610	21600
% Change	-47.39	-3.09	54.18
Open Interest	1520	12370	7130
% Change	-70.77	16.81	21.47

Derivative Analysis



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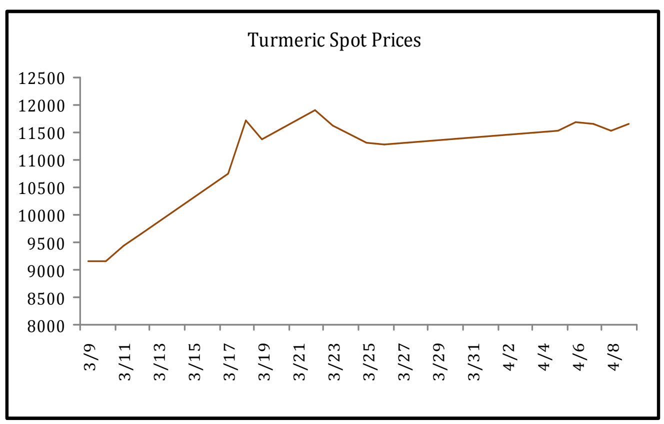

NCDEX	S2	S1	R1	R2
May	11730	12020	12700	13000



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Chilli

As per expectations, Chilli futures traded sideways to lower during the week ended April 17, 2010 weighed by the factor of higher arrivals. The fundamental factor of higher production expectations also supported the fall in prices. The active NCDEX June contract opened the week at 4925 levels and made a weekly high and low of 4990 and 4852 levels. It closed the week at 4892 levels, declining by 0.63%.

Factors to watch out

- March-April is the peak arrival season for this hot spice and this year production has been estimated 10-12% higher as compared to last year to nearly 13 lakh tonnes
- However, the production is reported lower from states like West Bengal and Tamilnadu
- According to market sources, China chilli crop is also reported lower by 50% this year and hence good export demand is coming for Indian Chilli
- During 2009, China had a good crop which led to diversion of export demand from Indian to China
- Although arrivals are sustained in the range of 90,000-1,10,000 bags at the major market of Guntur, the quality is on a gradual decline
- Coming weeks quality of stocks coming to the market is expected to decline further as season is approaching its end
- Domestic demand is on the lower side due to increasing mercury levels across north India
- According to Spice Board latest update of 09 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 up by Rs.100 per quintal and hovering in the range of Rs.4,100-4,500 per quintal in the major market at Guntur
- Stock positions at the NCDEX accredited warehouses have gone up by 594 tonnes, to 2698 tonnes as per the latest update of 15 April 2010. This change is as compared to previous week

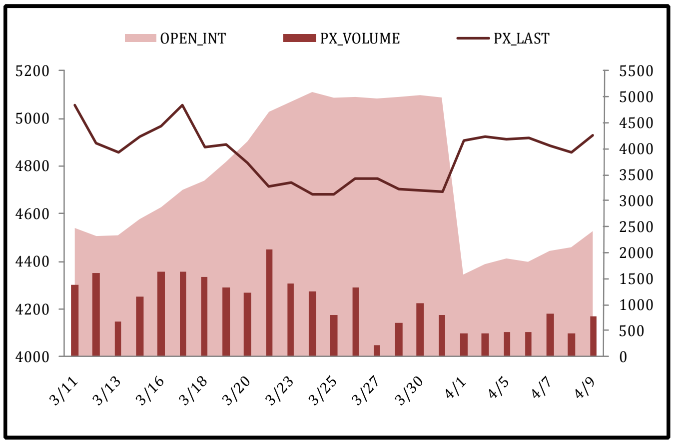
Outlook

Chilli futures are expected to trade sideways to lower for the week supported by the factors of sustained arrivals with decreasing quality of stocks.

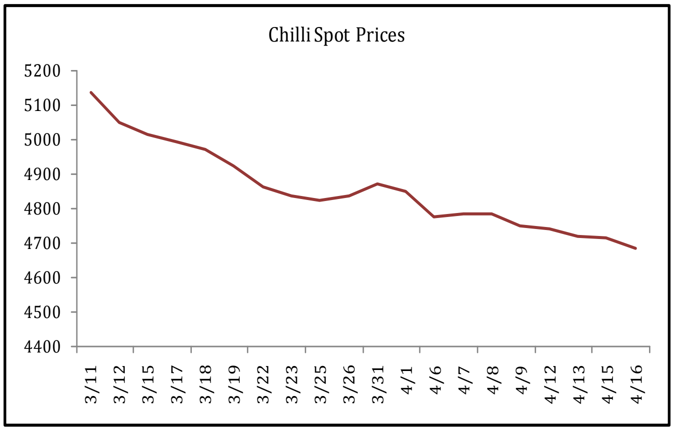
Futures prices

	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	5120	2385	190
% Change	-39.75	41.51	55.26

Derivative Analysis



Spot prices



NCDEX	S2	S1	R1	R2
May	4460	4660	4970	5100

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