



Technical Recommendations

Commodity	Contract	S1	S2	CMP	R1	R2	Recommendation
Pepper NCDEX	Sep-10	20459	20897	21336	21637	21939	Buy 21000 TP 22000 SL 21100
Turmeric NCDEX	Sep-10	12960	12375	13178	13320	13620	Sideways
Jeera NCDEX	Sep-10	14395	14671	14947	15143	15339	Buy 14850-14900 TP 15200 SL 14600
Chilli NCDEX	Sep-10	4220	4160	4237	4309	4367	Buy 4220 TP 4309 SL below 4160

Market Recap

The NCDEX spices complex witnessed a mixed trend during the week ended on August, 20 2010. The pepper futures remained bullish through out the week due to increase domestic demand amid limited supply. Increased prices quoted by all major pepper exporting countries also pushed up the prices.

Turmeric futures opened the week on positive note and continued the uptrend till mid of the week. However, prices failed to sustained the uptrend and fell during last two- three sessions on account of selling at higher levels. Week fundamentals of subdued demand amid stable arrivals also supported the downside.

The Jeera futures traded positive during the week on account of fresh buying at exchange platform. However, profit booking on gains has been seen during Tuesday and Friday but limited supply at spot market amid good demand supported the prices to resume the uptrend. Export inquires from middle east countries also supported the upside.

The NCDEX chilli remained flat during early sessions of the week due to lack of active trade participation. However, prices bounced back during last two session account of fresh buying at exchange platform.

Outlook

The NCDEX pepper and jeera futures are expected to trade on a positive note on account of extended buying. Good local demand amid limited supply may also support the upside. However, profit booking on gains can be seen during the week.

The Chilli futures are expected to continue the down trend due to extended selling pressure. However, initially prices may give a pull back on account of short covering and fresh buying at lower levels but all over trend is down only.

The NCDEX turmeric futures are expected to remain volatile during the week ahead. Reports of increase in acreage under turmeric cultivation in major growing areas of AP may weigh sentiments. However, emerging export demand from gulf countries might support the prices to move up in mid of the week.



SPICES WEEKLY



A weekly fundamental and technical report on spices

Pepper

The pepper futures staged a sharp rally during the week ended on August, 20 2010 on account of strong buying interest. Emergence of fresh demand from domestic market supported by strong fundamental factors of tight supply situation has also supported the rally in price. Prices took marginal correction on Wednesday and Friday on profit booking. However, prices resumed the uptrend on bullish sentiments. Increased international prices by all the origins also supported the prices here.

Outlook

The NCDEX pepper futures are expected to trade positive during the week ahead extending the previous gains at exchange platform. Good domestic and export demand amid supply shortage is likely to keep the prices firm. However, a smart correction can be witnessed during the week as prices rose sharply in last few sessions. In international market higher prices quoted by all major producing countries might also support the upside.

Factors to watch out

- International market rates are; India MG-1 ASTA is at \$4550/MT against \$4325/MT while Vietnam 500 g/l is at \$4050/MT Vs. \$3825/MT, Indonesia ASTA is at \$4250/MT Vs. \$3990/MT, Brazil ASTA is at \$4100/MT Vs. \$3900/MT
- At spot market prices are quoting at ₹20,00 for MG-1 up by ₹700 and ₹19,500 for Ungarbled down by ₹ 700 per quintal
- As per market sources, there are apprehensions in market about emergence of export demand from European countries as Vietnam pepper prices rose by \$300 in last few days
- As per the data from Pepper Trade, Vietnam and Brazil have exported 83,121 tons and 13,965 tons of pepper till July 2010 respectively
- Vietnam's export target for the year 2010 has been reduced by 27% to 1 lakh tons against 136,500 tons last year
- As per Spices Board data, international price of Pepper in New York market was \$4.41 per kg during the week ended 13th August 2010, which was higher than \$3.31 per kg quoted in the same period last year
- Stock positions at the NCDEX accredited warehouses are at 4296 tons as on 19th August 2010

Derivative Analysis

The NCDEX pepper September contract pieces, volume and open interest has gone up by 12.1%, 67.2% and 135.7% respectively. Market is attracting larger numbers of traders willing to open positions from the long side and hold them. Traders are more confident that prices will continue to remain bullish.

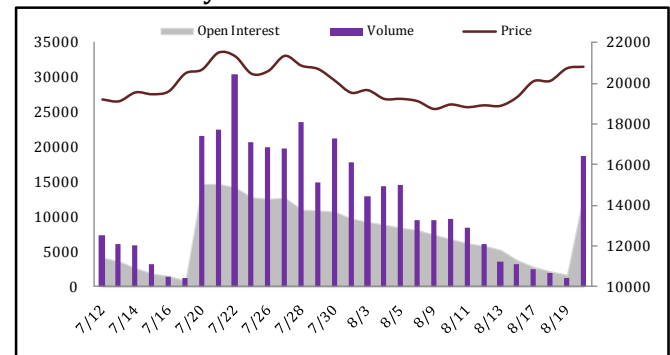
Technical

Pepper traded completely higher last week and made upward movement of Rs.2287. Pepper breached the trend line resistance of 20989 levels on daily chart. On sustained and trade above prices are likely to trade higher in the coming week. It made a **Kicker pattern** formation and also called **rising three** candle stick pattern which indicates the bullish trend. Market is trading well above short term and middle term EMAs (9, 18 and 45).The momentum indicator RSI (14) is trading at 0.662 levels showing higher potential for the markets to trade up. However, a mild correction on the downside is expected before resuming its up trend. We recommend buying on lower levels.

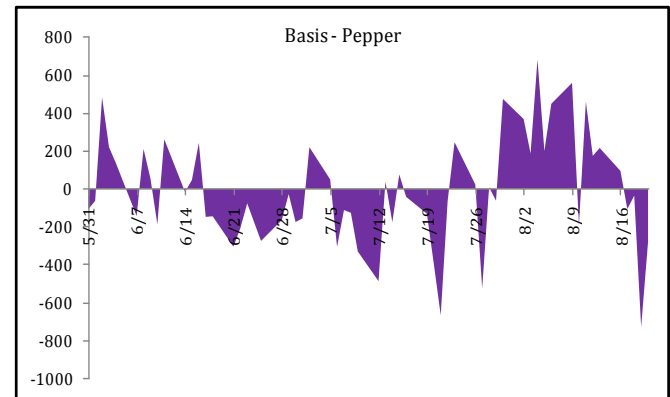
Futures prices

Contract	Sept	Oct	Nov
Open	19400	19700	19903
High	19540	19793	19950
Low	18675	18910	19150
Close	19173	19398	19570
% Change	12.1	11.8	11.9
Volume	56802	2494	348
% Change	67.2	232.7	220.1
Open Interest	13996	9788	1636
% Change	135.7	17.4	14.8

Derivative Analysis



Basis





Jeera

The jeera futures traded on a positive note last week due to fresh buying on the exchange platform. Reduced arrivals and domestic demand also supported the rise in prices during the week. Prices witnessed a sharp correction on Wednesday on profit booking. However, strong spot market sentiments supported the upside and prices bounced back and ended the week on positive note.

Outlook

The NCDEX jeera futures are expected to trade on a positive note during this week supported by the fundamentals of good demand amid restricted arrivals. Export demand from overseas is also likely to regain in coming days ahead of festive season. However, profit booking on higher levels can be seen initially.

Factors to watch out

- ❖ According to market sources, Syria prices are hovering around \$2900-3000 per tonne, Indian prices are quoting at \$2325-2400 per tonne and Turkey prices are quoting in the range of \$2350-2400 per ton
- ❖ According to reports, Syria crop is lower by 5-10% while Turkey crop is down by 40% due to heavy rains at the time of crop maturity
- ❖ As per trade sources, the total stock position of jeera is at 7-8 lakh bags down by 5-6 lakh bags reported in the same period last year
- ❖ The spot prices are hovering in the range of ₹13,450-13600 per quintal (Uncleaned) and ₹14,060-14,250 per quintal (NCDEX quality) up by ₹50-150 per quintal from last week
- ❖ Arrivals reported around 2500-3000 bags at Unjha spot market (Each bag= 60 kg)
- ❖ As per Spices Board data, international price of Jeera in New York market was \$3.35 per kg during the week ended 13th August 2010, which was higher than \$2.69 per kg quoted in the same period last year
- ❖ Stock positions at the NCDEX accredited warehouses are at 6329 tones as on 19th August 2010

Derivative Analysis

The NCDEX jeera September contract pieces and volume has gone up by 4.8% and 33.9% respectively while open interest has gone down by 42.6%. Market has a lot of traders initiating from both sides but larger traders may be liquidating into the higher prices. The market may be vulnerable to large price swings as shorter time frame traders attempt to trade from both sides of the market but liquidating before end of day. Often a signal of a market turns near-term volatility biased towards upside.

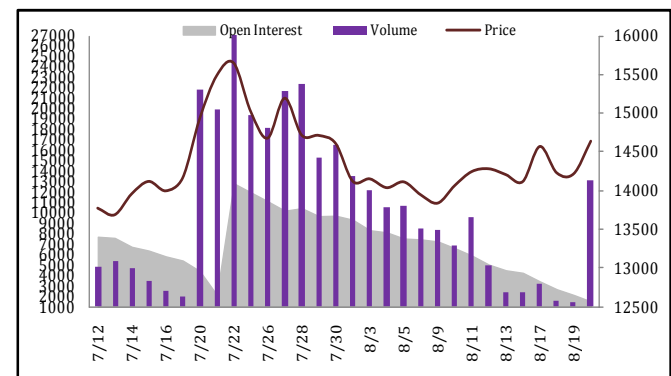
Technical

Jeera traded higher on last week and closed in green. It made a high of 15200 Levels and settled 14950 levels. Jeera breached the resistance of 14726.5 levels which is (38.2% retracement of the range 12317.22-16215.78) and is expected to test to the next resistance at 15295 levels. Market is trading well above the short term and middle term EMAs (9, 18 and 45) indicating further bullish trend. The momentum indicator RSI (14) is trading at 0.730 levels showing higher potential for the market to trade high. However, crucial support levels to watch are 14700 levels. We recommend buying at lower levels.

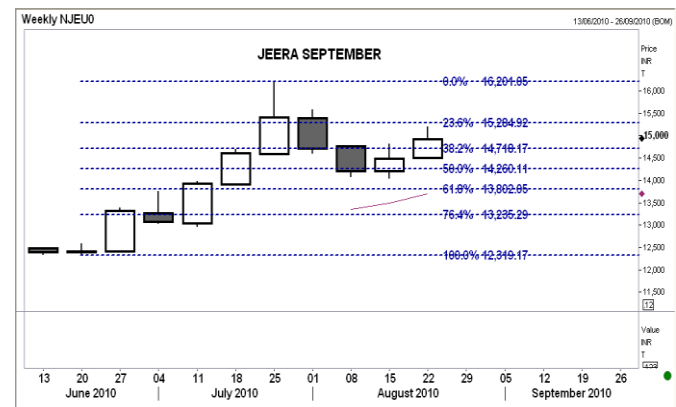
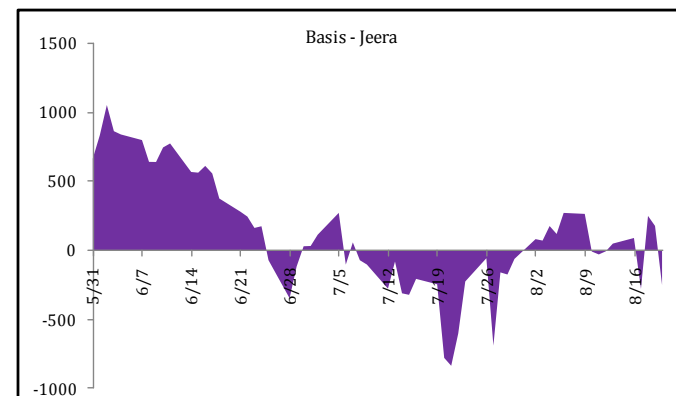
Futures prices

Contract	Sept	Oct	Nov
Open	14190	14259	14865
High	14824	15059	14973
Low	14046	14259	14309
Close	14504	14754	14430
% Change	4.8	4.3	2.3
Volume	59328	6867	6687
% Change	33.9	72.3	2.7
Open Interest	3933	15822	6534
% Change	-42.6	2.5	34.4

Derivative Analysis



Basis





Turmeric

The NCDEX turmeric futures witnessed a mixed trend the week ended on August, 20 2010. Turmeric futures opened the week on a higher note on short covering on previous losses. But, market could not sustain its positive trend and witnessed a negative trend during rest of the week. Selling pressure at exchange platform resulted into fall in the prices. Reports of active rainfall in many parts of major growing areas raised the hopes of revival in turmeric sowing.

Outlook

Turmeric futures are expected to trade down in coming week on account of extended selling pressure. Week fundamentals of reduced demand amid increased arrivals might also support the fall in prices. However, prices may show some recovery on account of emerging export demand from gulf countries.

Factors to watch out

- According to data released on August, 18 2010 by AP Ministry of Agriculture, turmeric has sown in area of 0.61 lakh hectares against area of 0.44 lakh hectares during last year
- Nearly 95% of the turmeric sowing has been completed so far
- The turmeric production in 2010-11 season is expected to be good due to higher acreage and favourable weather condition
- Average Daily prices at Nizamabad and Erode are hovering at ₹14,800 down by ₹200 and ₹15,500 per quintal with arrivals of 500 bags and 5000 bags respectively
- As per trade sources, the total stock position of turmeric in all over India is at 11-12 lakh bags
- As per Spices Board data, exports in April-June 2010 decreased by 11% in volume term but increased by 106% in value term as compared to same period last year
- As per Spices Board data, international price of turmeric in New York market was \$5.07 per kg during the week ended 6th August 2010, which was higher than \$2.09 per kg quoted in the same period last year
- Stock positions at the NCDEX accredited warehouses is 4468 tones as on 19th August 2010

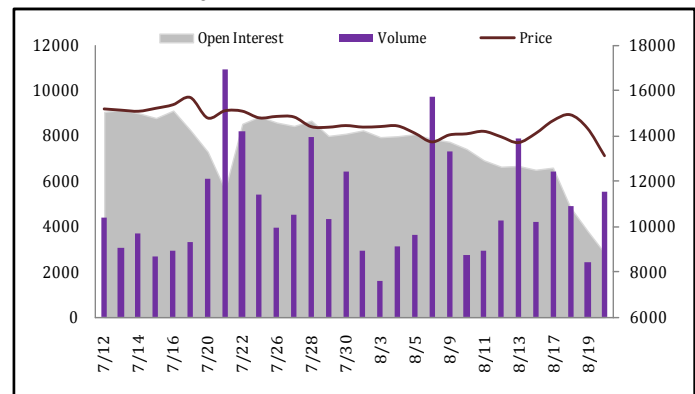
Derivative Analysis

The NCDEX pepper September contract volume has gone up by 133.7% while prices and open interest has gone down by 4.2% and 15.4% respectively. It indicates that investors are initiating new positions from both sides on small corrections but they are exiting their position at the end of trading session in anticipation of further fall in prices.

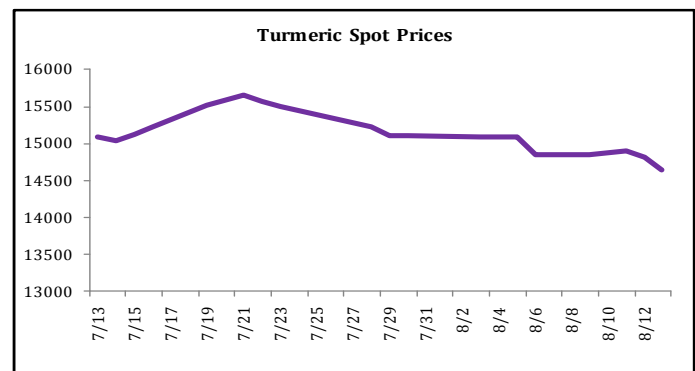
Futures prices

Contract	Sept	Oct	Nov
Open	13530	13616	
High	13788	13620	13498
Low	13120	12816	12412
Close	13168	12870	12546
% Change	-4.2	-4.8	-1.6
Volume	13390	1005	280
% Change	133.7	147.3	-48.2
Open Interest	6720	4175	630
% Change	-15.4	26.3	46.5

Derivative Analysis



Basis





SPICES WEEKLY



A weekly fundamental and technical report on spices

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