



## Technical Recommendations

| Commodity      | Contract | S2    | S1    | R1    | R2    | Recommendation                         |
|----------------|----------|-------|-------|-------|-------|--|
| Pepper NCDEX   | Jan-11   | 22120 | 22500 | 23250 | 23630 | Buy 22580-630 TP 23250/23500 SL 22000. |
| Turmeric NCDEX | Apr-11   | 10000 | 9800  | 10590 | 11070 | Sideways                               |
| Jeera NCDEX    | Jan-11   | 13980 | 14250 | 14800 | 15150 | Sideways                               |
| Chilli NCDEX   | Feb-11   | 8460  | 8600  | 8850  | 8960  | Sideways                               |
| Cardamom MCX   | Jan-11   | 1500  | 1545  | 1620  | 1656  | Buy 1550 TP 1620/45 SL 1516            |



## Pepper

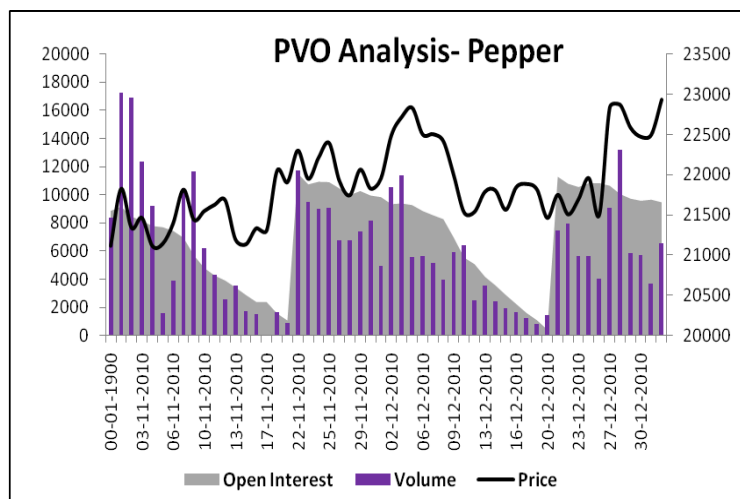
### Review

Pepper futures traded range bound to positive during the week ended on January 1, 2011. Futures started the week on higher note active buying interest. However, reports of lack of active trade in international market weighed on sentiments. Investors were in holiday mood for New Year calibration. Buyers from north India were also not actively taking part in buying as severe cold waves were interrupting the overall market activity. However, futures reversed the direction on short covering at lower levels. Depleting stocks at spot market and reports of delay in fresh crop arrival supported the prices. But, overall spot market remained steady as traders are waiting for next crop. Therefore, on cues from spot market prices at futures remained subdued for rest of the week and ended the week on positive note but with a slight change in percentage term.

| Contract | Open  | High  | Low   | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|-------|-------|-------|-------|----------|--------|----------|---------------|----------|
| Jan      | 22049 | 23175 | 22049 | 22932 | 4.44     | 44126  | 39.66    | 9492          | -12.59   |
| Feb      | 22390 | 23448 | 22386 | 23198 | 4.32     | 11651  | 130.53   | 2645          | 87.86    |
| Mar      | 22783 | 23991 | 22783 | 23440 | 3.99     | 971    | -33.81   | 345           | 28.73    |

### Outlook

The NCDEX pepper futures are expected to trade in positive mode in coming week. Fresh buying at lower levels may support the prices. As per trade sources, fresh crop is expected to be delayed. After New Year holiday's international market may also resume the market activity. Thus, market news on emerging export inquires may further add to the upside. However, prices may take corrections on profit booking at higher levels.



### Factors to watch out

- ❖ Average daily prices at spot market of Kochi are for Ungarbled and MG-1 grade are quoting steady at ₹20,700 and ₹21,200 per quintal respectively
- ❖ Indian parity in International market is reported at \$5150-5200 a ton. Quotes from other countries are not available as investors from there were on holidays
- ❖ As per Spices Board data, Pepper exports in April to November stood at 11,500 tons, with a decline of 17% as compared to 13,850 tons in the same period last year
- ❖ Stock positions at the NCDEX accredited warehouses are at 1548 tons as on 30<sup>th</sup> December 2010
- ❖ As per Spices Board data, international price of pepper in New York market was unchanged to \$5.51 per kg during the week ended 24<sup>th</sup> December 2010 but was higher against \$3.48 per kg quoted in the same period last year



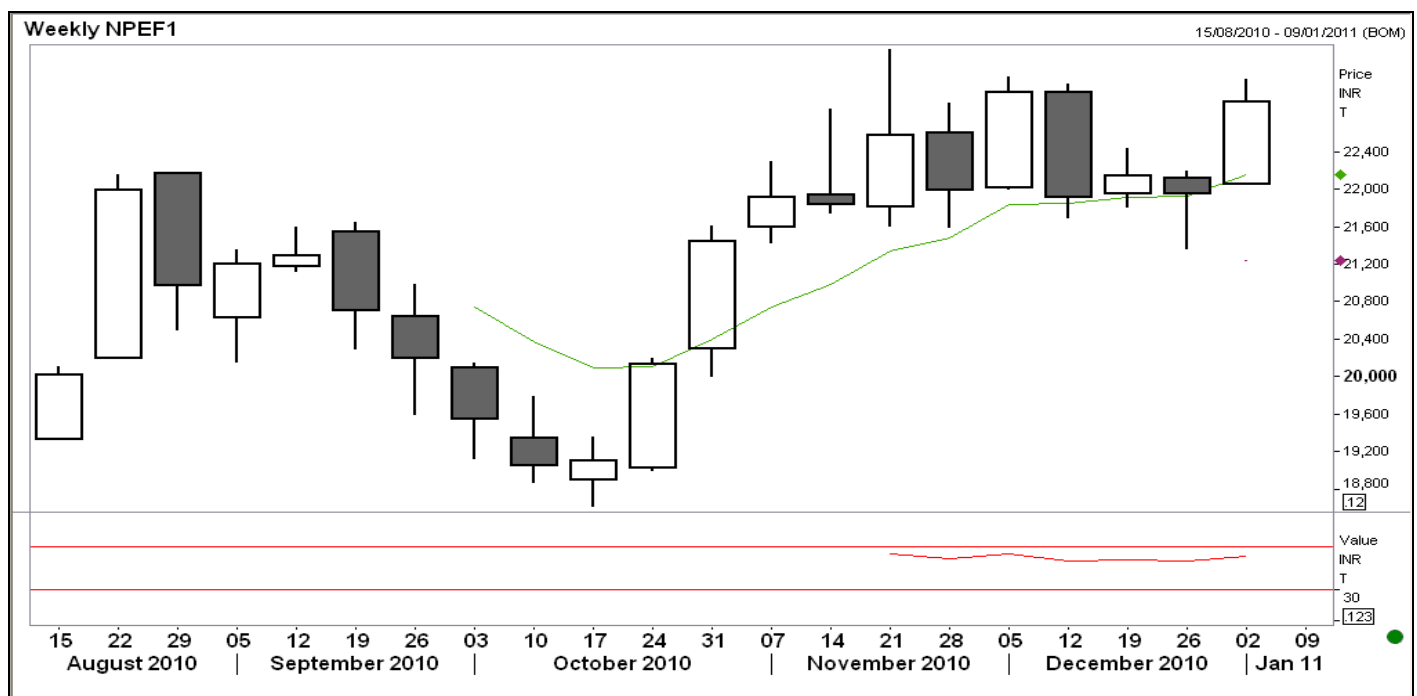
## Derivative Analysis

If the total open interest is falling off and prices and volume are increasing, 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 or continued volatility.

## Technical

Pepper NCDEX January futures traded in a bullish mode during last week and settled higher at 22932.

In weekly chart of Pepper, a White Opening Morubozu candle stick is witnessed after a Hammer candlestick indicating strength in the trend. The indicator RSI (14) is at 0.70 suggesting an overbought mode of the commodity but still the strength is there in the trend as it is rising after a small consolidation mode. Prices are sustaining above the short Exponential moving averages (9) 22090 this means that the short term trend is bullish.





### Jeera

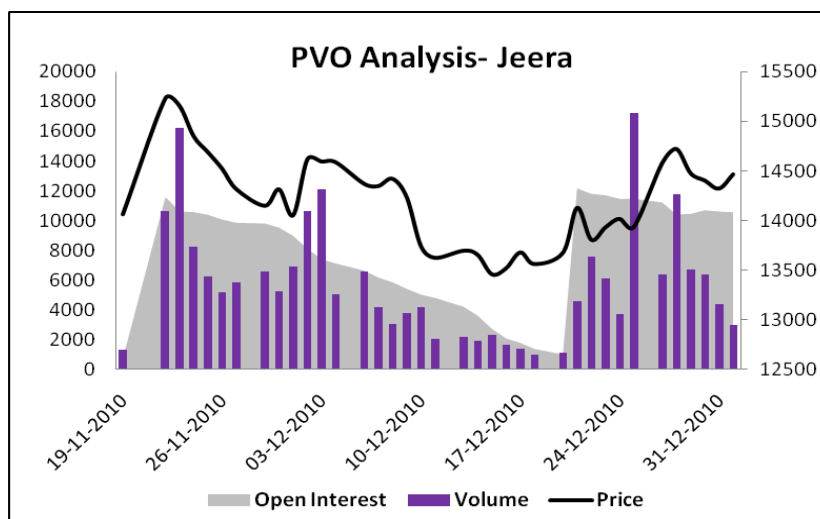
#### Review

The jeera futures traded on mixed note during last week. Futures started the week on higher note on extended buying at futures platform. However, prices reversed back the direction on selling at gains. News of improved sowing activity due to prevailing dry weather conditions further added to the down side. However, lower carry over stocks acted as supporting factor for the prices. Therefore, on mixed fundamentals prices traded highly volatile with biased towards upside and ended the week with slight gains on positive side.

| Contract | Open  | High  | Low   | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|-------|-------|-------|-------|----------|--------|----------|---------------|----------|
| Jan      | 14099 | 15028 | 14099 | 14471 | 3.20     | 38472  | 33.06    | 10587         | -82.22   |
| Feb      | 14350 | 15299 | 14350 | 14755 | 3.40     | 22383  | 111.18   | 14157         | -77.67   |
| Mar      | 14580 | 14731 | 14290 | 14302 | 4.85     | 2763   | 32.25    | 612           | 225.98   |

#### Outlook

Jeera futures are expected to trade range bound in coming week. Prices may trade lower initially on mixed sentiments taking cues from weak spot market trend. However, fresh buying at lower levels may add to the prices. Lower stocks at spot market and anticipations of fall in jeera production this year may further pushed the prices on higher side. However, profit booking at higher levels may limit the gains.



#### Factors to watch out

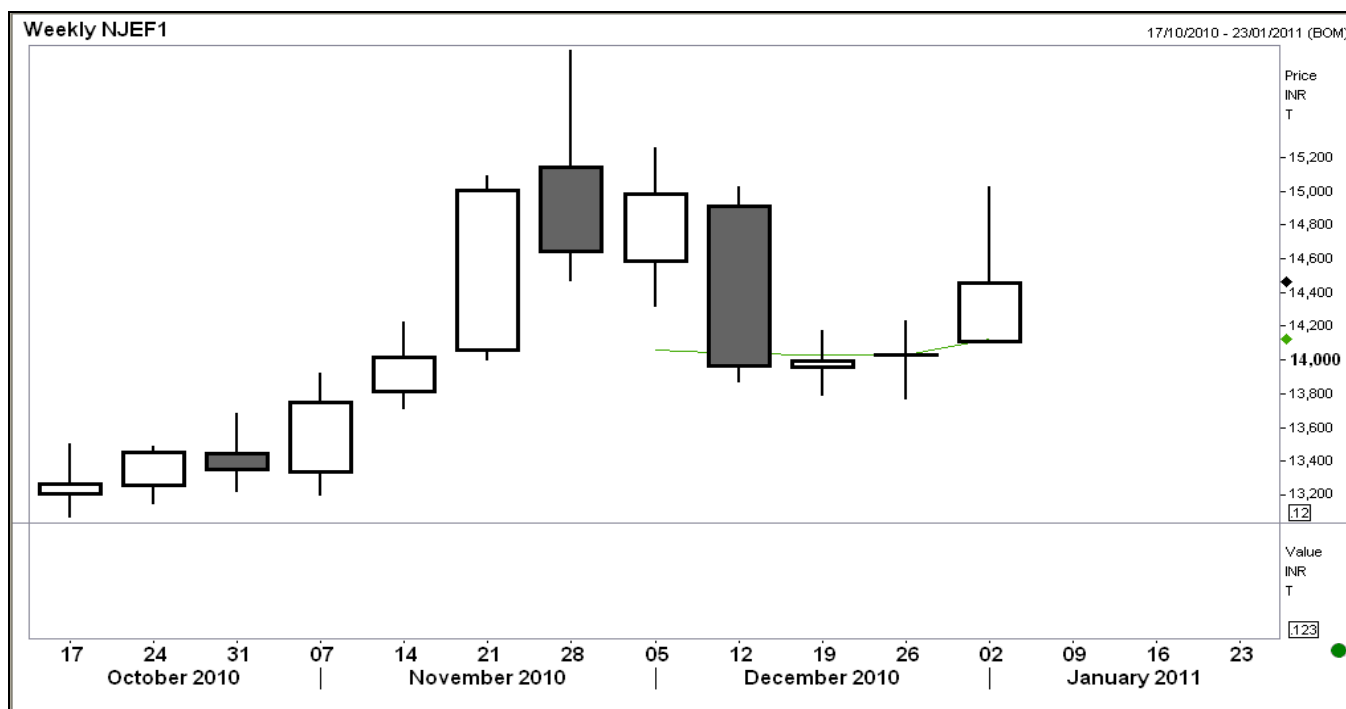
- ❖ Arrivals at Unjha market were around 2000-3500 bags during last week ( each bag= 55 kg)
- ❖ Average daily prices at spot market of Unjha were in the range of ₹13400-13625 per quintal for uncleaned and ₹14370-14,450 per quintal for NCDEX quality Jeera from last week
- ❖ As per Gujarat Agricultural Department, as on 27<sup>th</sup> December jeera acreage is down by 4.3% to 229,200 while till December 6<sup>th</sup> acreage was down by 25%
- ❖ As per trade sources, in some major growing district of Gujarat 30-50% of jeera acreage has been shifted to wheat which may support the prices in coming days
- ❖ NCDEX accredited warehouses are at 5381 tones as on 30<sup>th</sup> December 2010
- ❖ As per Spices Board data, international price of Jeera in New York market was almost unchanged to \$3.64 per kg during the week ended 24<sup>th</sup> December 2010 against \$2.93 per kg quoted in the same period last year



## Derivative Analysis

The NCDEX jeera January contract prices and volume are rising while open interest is declining. This indicates 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.

## Technical





## Turmeric

### Review

The NCDEX turmeric traded in a bearish mode during the week ended on January, 1. Futures started the week on positive note on extended buying. Strong upcountry demand also supported the prices. However, prices reversed the direction and took sharp corrections during whole week on profit booking. Traders are staying away from buying as they are now waiting for the fresh crop to hit the market. However, prices showed some recovery on short covering on Saturday. But the all over bearish sentiments weighed on sentiments and futures ended on lower note.

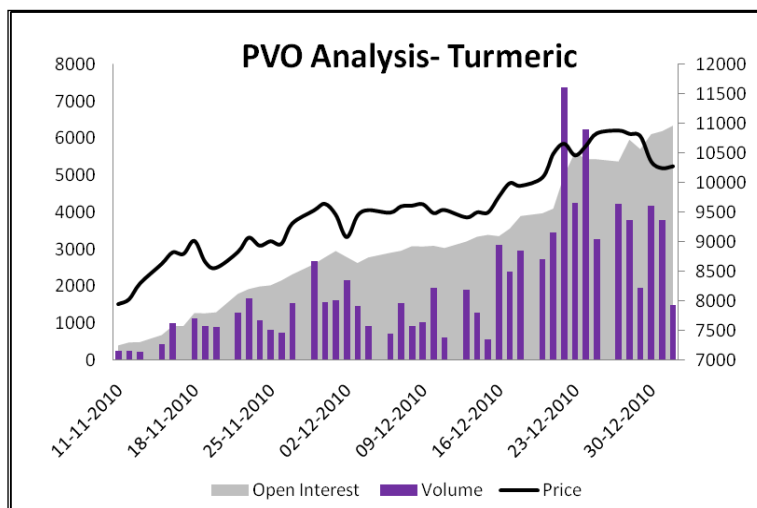
| Contract | Open  | High  | Low   | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|-------|-------|-------|-------|----------|--------|----------|---------------|----------|
| Apr      | 10742 | 11010 | 10148 | 10276 | -3.26    | 19405  | -19.23   | 6350          | -73.72   |
| May      | 9900  | 10120 | 9766  | 9946  | -1.53    | 3990   | -27.57   | 6755          | -68.76   |
| Jun      | 9766  | 10358 | 9580  | 9640  | -0.31    | 4450   | -82.92   | 385           | 15.58    |

### Outlook

Turmeric futures are expected to trade lower initially in coming week on extended selling pressure. Weak demand from bulk buyers may further pressurize the prices. However, short covering on lower levels may limit the sharp fall. Lower stocks available at spot market may act as supporting factor for prices.

### Factors to watch out

- ✿ Average daily prices at Nizamabad and Erode hovered in the range of ₹17,000-17,400
- ✿ Arrivals at Nizamabad and Erode market were 200 bags and 2500-40000 bags respectively (each bag=70 kg)
- ✿ As per trade sources, stocks available at spot market is around 2-3 Lakh bags and Erode market is the only market which is having major portion of stocks(each bag=70 kg)
- ✿ Investors are waiting for fresh crop arrival. As per trade sources, fresh crop may hit the market incoming 8-10 days
- ✿ Stock positions at the NCDEX accredited warehouses is 622 tons as on 30<sup>th</sup> December 2010
- ✿ As per Spices Board data, international price of Turmeric in New York market remained higher at \$5.73 per kg during the week ended 24<sup>th</sup> December 2010 against \$2.65 per kg quoted in the same period last year
- ✿ As per Spices Board data, turmeric exports in April to November stood at 33,000 tons, with a decline of 11% as compared to 37,250 tons in the same period last year

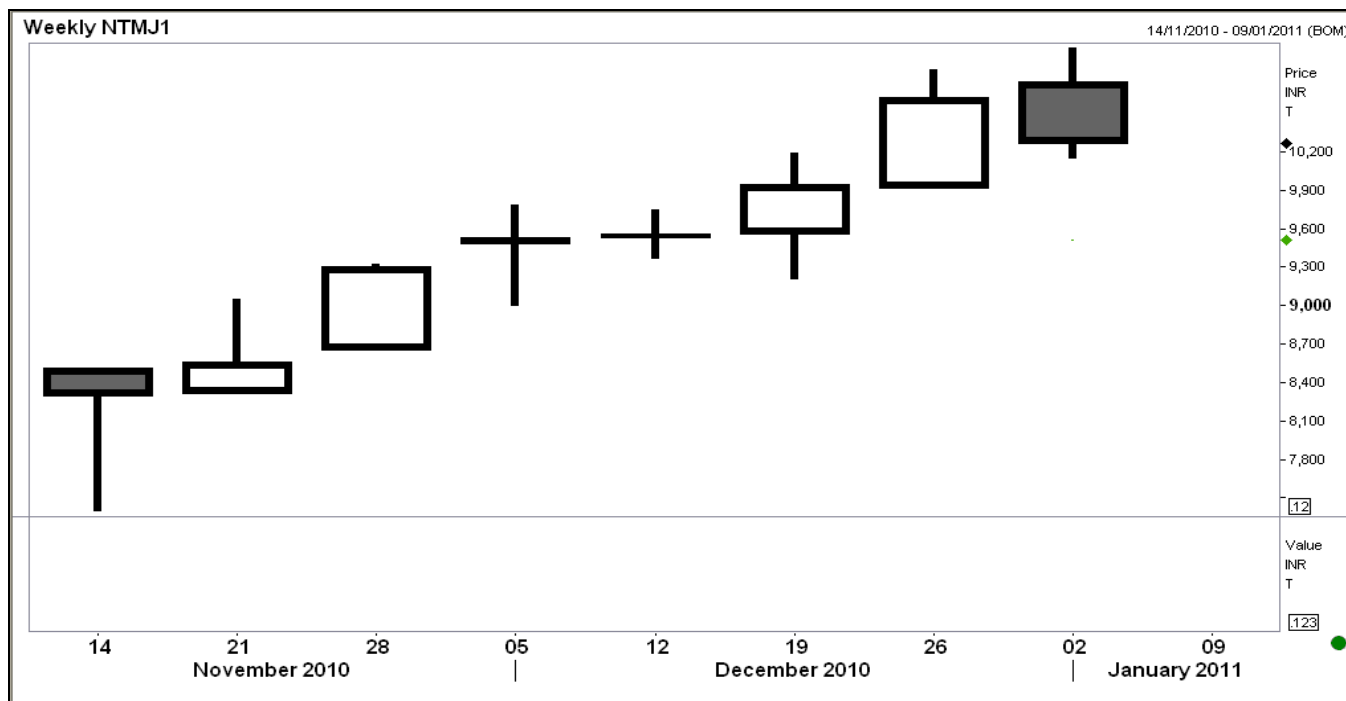




## Derivative Analysis

The NCDEX turmeric April contract prices, volume and open interest are decreasing. Than it indicates that decline is being caused by disgruntled long position holders being forced to liquidate their positions. Therefore, there may some trend reversal may happen due to sudden change in fundamentals else down trend may continue.

## Technical





## Chilli Review

The Chilli futures extended the bullish trend on active buying during last week. On opening itself prices traded higher on strong buying interest. However, prices took decent correction in middle of the week. But overall bullish trend pushed the prices on higher side. Heavy buying on reports of crop damage in Guntur region supported the upside. Good export and domestic demand also supported the rally. Heavy stokiast buying in anticipation of lower production this year further add to the positive trend and futures ended the week on higher note.

| Contract | Open | High | Low  | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|------|------|------|-------|----------|--------|----------|---------------|----------|
| Feb      | 7880 | 8748 | 7880 | 8748  | 13.26    | 27860  | -14.14   | 4750          | -75.46   |
| Mar      | 8024 | 8760 | 8024 | 8760  | 11.34    | 13815  | 7.05     | 3330          | -68.72   |
| Apr      | 6600 | 7876 | 6560 | 7876  | 10.87    | 6375   | -36.00   | 930           | 59.14    |

## Outlook

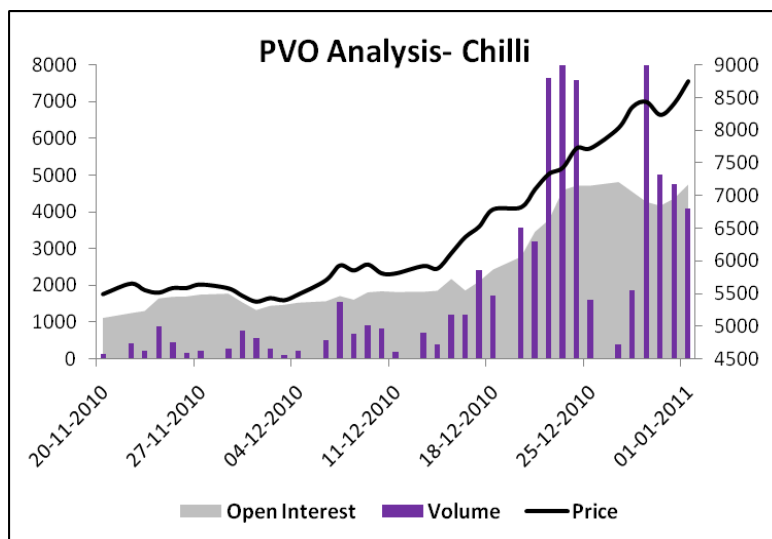
The NCDEX Chilli futures are expected to extend bullish trend in coming week. Extended buying may support the prices at futures platform. However, prices are likely to take good corrections on profit booking at higher levels. Nonetheless, overall bullish sentiments on crop damage and higher demand may support the prices.

## Factors to watch out

- ❖ Daily average arrivals at Guntur market were reduced to 30,000-45,000 bags (each bag=40 kg) and prices were hovering in the range of ₹6000-7800 up by ₹1800 per quintal
- ❖ As per trade sources, around 60% of crop has been damage due to heavy rains in recent past in Guntur region
- ❖ As peer trade sources, production is expected to be around 80-90 Lakh bags against 1.5 crore bags last year
- ❖ Stock positions at the NCDEX accredited warehouses is 624 tons as on 30<sup>th</sup> December 2010
- ❖ As per Spices Board data, international price of chilli in New York market was higher to \$2.65 per kg during the week ended 24<sup>th</sup> December 2010 against \$2.54 per kg quoted in the same period last year
- ❖ As per Spices Board data, international price of chilli in New York market was almost unchanged to \$2.54 per kg during the week ended 17<sup>th</sup> December 2010 against \$2.54 per kg quoted in the same period last year

## Derivative Analysis

The NCDEX chilli February contract prices have gone up while volume and open interest have gone down. It indicates Traders are liquidating both losing short positions & closing winning long positions. A higher probability the market is set to retrace in price lower at some point forward.



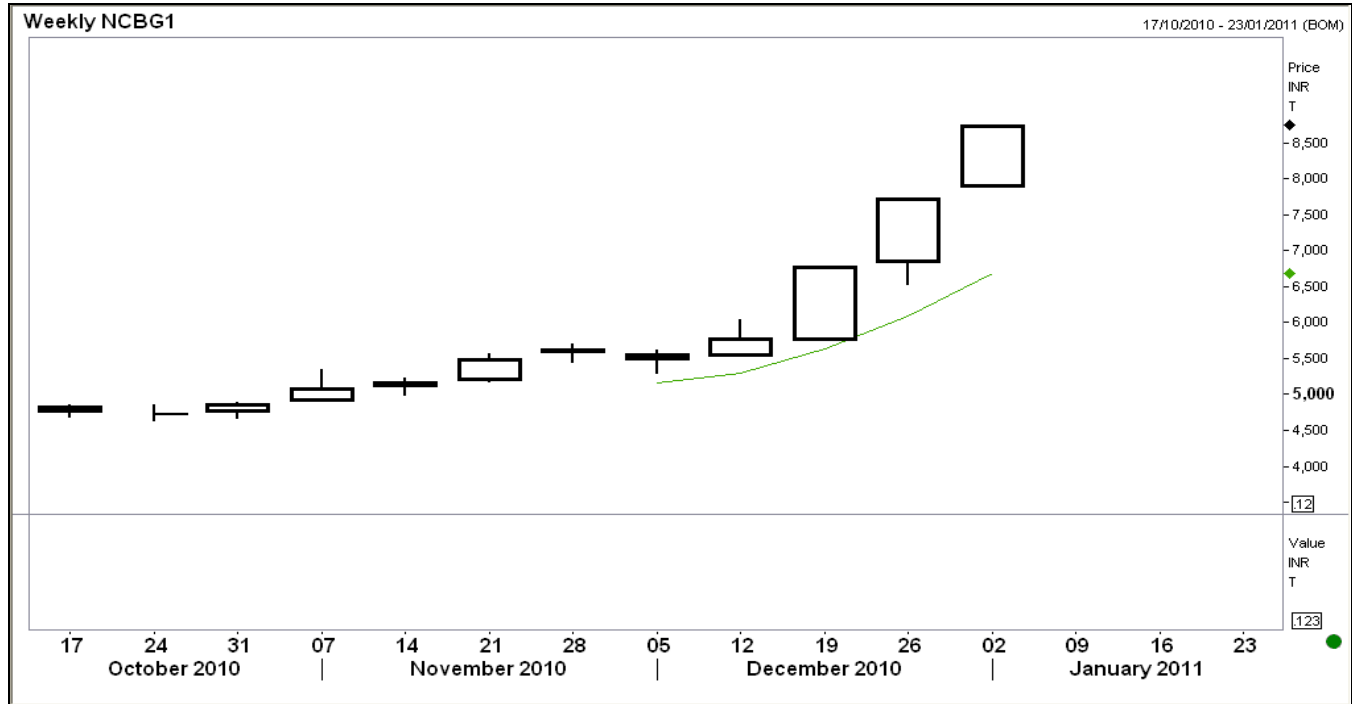


# SPICES WEEKLY



A weekly fundamental and technical report on spices

## Technical





### Cardamom

#### Review

The cardamom futures extended rally on strong buying interest last week. Futures started the week on higher note on extended buying. Overall bullish fundamentals of good domestic and export demand lift up the prices. However, prices took god corrections on profit booking at higher levels. After that prices traded very range bound due to overall sluggish activity reported in domestic as well as in international market futures ended the week on positive note with slight change in percentage term.

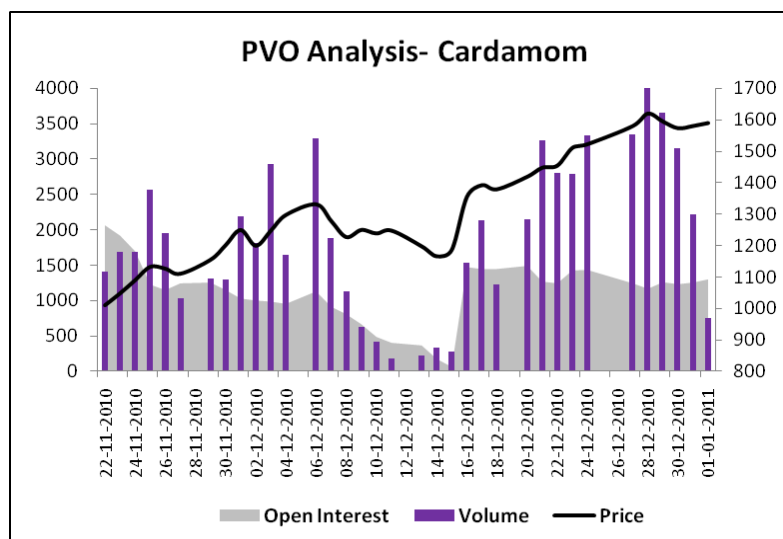
| Contract | Open   | High | Low    | Close  | % Change | Volume | % Change | Open Interest | % Change |
|----------|--------|------|--------|--------|----------|--------|----------|---------------|----------|
| Jan      | 1505   | 1642 | 1490   | 1590.8 | 4.42     | 18019  | 25.69    | 1303          | -9.26    |
| Feb      | 1540   | 1701 | 1520.1 | 1616.8 | 3.58     | 7129   | 14.69    | 1085          | 22.18    |
| Mar      | 1362.8 | 1505 | 1303   | 1490.1 | 2.49     | 1246   | -2.83    | 420           | 34.82    |

#### Outlook

Cardamom prices are expected to trade higher in the coming week on extended buying. Active buying at spot auctions may support the prices. However, prices are likely to take corrections on higher levels. Good domestic may limit the losses. Declining arrivals may support the cardamom prices to stay on positive side in coming week.

#### Factors to watch out

- ❖ Daily average arrivals at auctions have started declining and from 35-80tons arrivals are now hovering in the range of 25-55 tons
- ❖ Average auction prices were hovering in the range of ₹1391-1593 per Kg.
- ❖ Reports of lower stocks in Northern India may further support the prices
- ❖ However, expectations for late crop is coming positive from growers side which may create some pressure during the week
- ❖ Total quantity arrived at spot market during the current season from August 1 to December 26 is around 5,715 tons. Of which, 5,606 tons of cardamom was sold. While arrival in the same period last year was around 5,791 tons
- ❖ As per Spices Board data, international price of Cardamom in Saudi Arabia market was higher to \$35.57 per kg during the week ended 24<sup>th</sup> December 2010, however, it was higher than \$23.05 per kg quoted in the same period last year
- ❖ As per Spices Board data, international price of Cardamom in Saudi Arabia market was higher to \$31.56 per kg during the week ended 17<sup>th</sup> December 2010, however, it was higher than \$22.86 per kg quoted in the same period last year





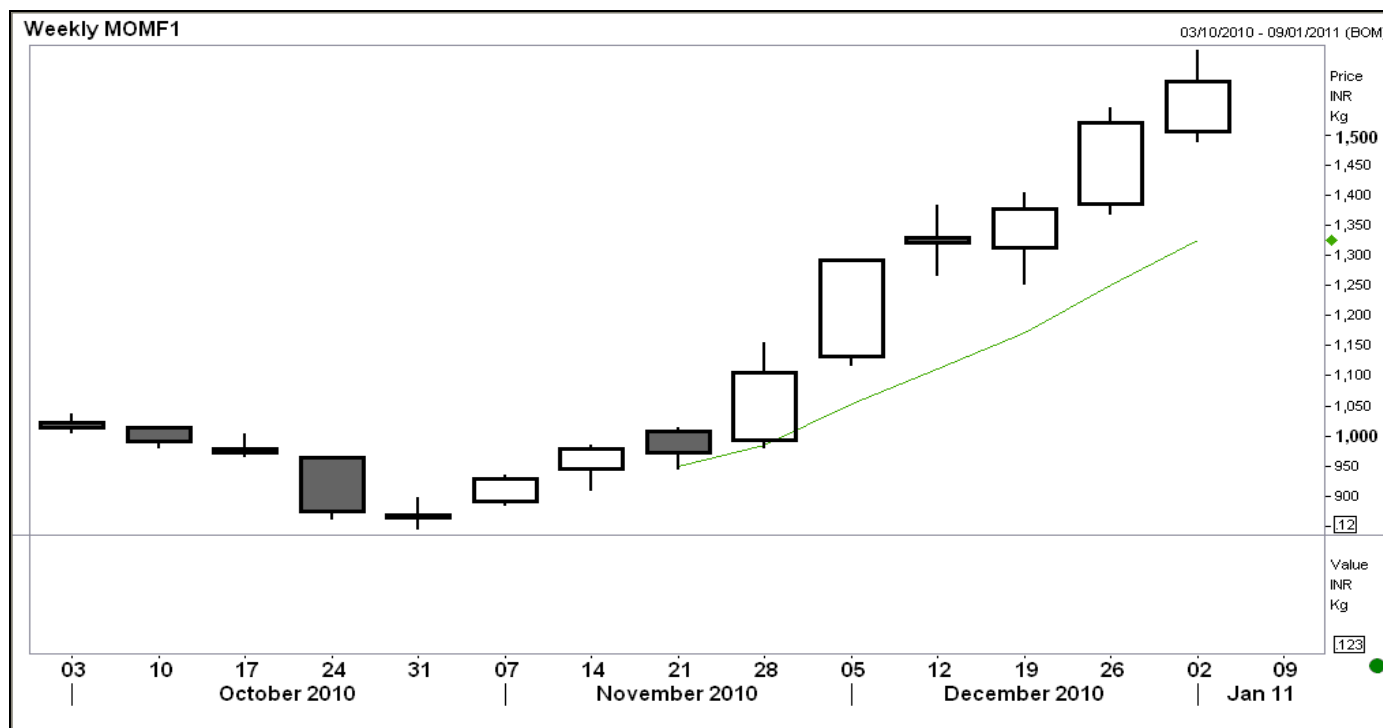
### Derivative Analysis

The MCX cardamom January contract prices and volume have gone up while Open interest have gone down. This indicates 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.

### Technical

Cardamom Jan futures traded higher previous week and settled at 1581.4 levels. In weekly chart of Cardamom Jan contract 2 Long White Candle Sticks are witnessed indicating continuation of current bullish trend. Prices are sustaining above the short and medium term moving averages suggesting bullishness in the trend. Price - Volume analysis suggests bullish mode for the coming week as the volume rises in line with prices. However, the Open Interest decline for this week indicating that one should remain cautious at higher level. The momentum technical indicator RSI (14) is at 0.83 suggests the over bought mode for the commodity.

From the above analysis we expect that the prices may remain higher for the coming week but we need to be cautious at higher levels and recommend buying with strict stop loss.





# SPICES WEEKLY



A weekly fundamental and technical report on spices

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