



## Technical Recommendations

Commodity	S3	S2	S1	Close	R1	R2	R3	Recommendation
Pepper Feb	20904	21539	21924	22308	22944	23579	23964	Sell 22550- 22600 TP 21880 SL above 22950
Jeera Feb	13393	14017	14463	14910	15533	16157	16603	Sideways
TMC Apr	9259	9485	9647	9810	10035	10261	10423	Sideways
Chilli Feb	7693	8015	8333	8652	8973	9295	9613	Sideways
Cardamom Feb	1194	1293	1345	1398	1497	1597	1649	Sell 1430 TP 1373 SL 1465

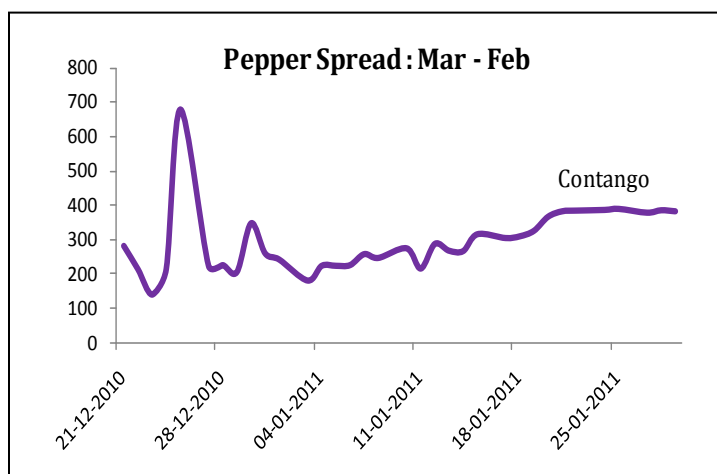
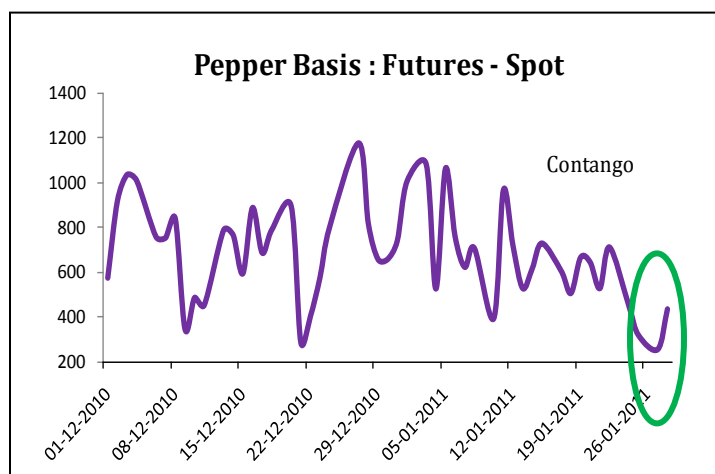


## Pepper

### Review

Pepper futures washed away all the gains on January 29, 2011. From starting of week futures started falling on higher arrivals at spot market. Traders were expecting that arrivals will be limited at spot during the week. However, reports of Vietnam crop turned the sentiments and a drastic increase in arrivals reported this week. Most of the investors from other countries are waiting for Vietnam crop which is likely to hit the market by February end or Early March. Thus, exporters here in absences of fresh export orders are staying away from market. However, prices showed smart recovery on short covering but failed to sustain the gains. Buyers from north India were also not actively taking part in buying as prevailing cold waves are interrupting the market activity. Thus, on cues from spot market futures resumed the bearish trend and ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb	23093	23195	22175	22308	-3.42	28570	-21.96	8651	-21.70
Mar	23499	23560	22560	22691	-3.38	5919	40.53	1883	44.85
Apr	23800	23830	22933	23130	-2.89	451	-20.32	423	10.44



### Outlook

The NCDEX pepper futures are likely to continue the bearish trend in coming week. Last week prices suddenly reversed the trend on higher arrivals. Arrivals during the last week increased to 55-60 tons as compare to 10-15 tons previously and we expect arrival pressure is likely to continue in coming days also. As per trade sources, demand from importing nations is not picking up because investors there are waiting for Vietnam crop. Vietnam crop is expected to be slightly higher this year and is likely to hit the market during Feb-March. This will force the prices to cool down in international market. Thus, exporters are not interested in bulk buying as of now. However, short covering at lower levels can not be overruled.

### Factors to watch out

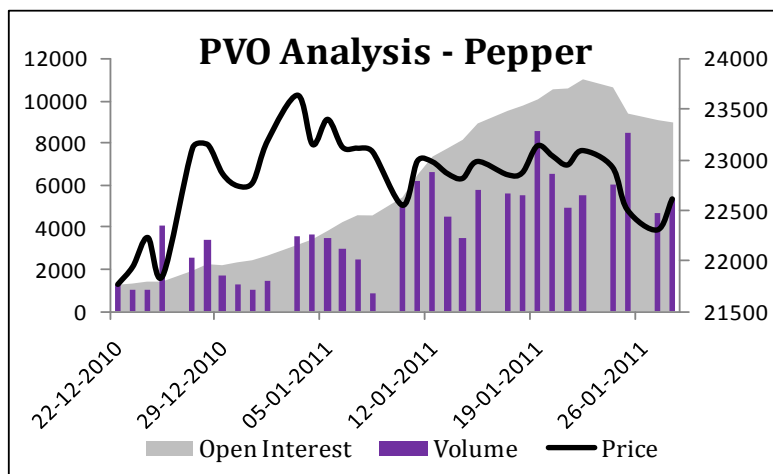
- ✦ Average daily prices at spot market of Kochi are for Ungarbled and MG-1 grade declined by ₹500 to ₹21,200 and ₹22,000 per quintal respectively



- ❖ Vietnam crop is expected to hit the market during Feb - March
- ❖ Indian pepper prices in international market are hovering around quoting at \$5150-5175 per ton
- ❖ Stock positions at the NCDEX accredited warehouses are at 2044 tons as on 27<sup>th</sup> January 2011
- ❖ As per Spices Board data, international price of pepper in New York market was up to \$5.47 per kg during the week ended January 21<sup>st</sup> 2011 against \$3.31 per kg quoted in the same period last year

### Derivative Analysis

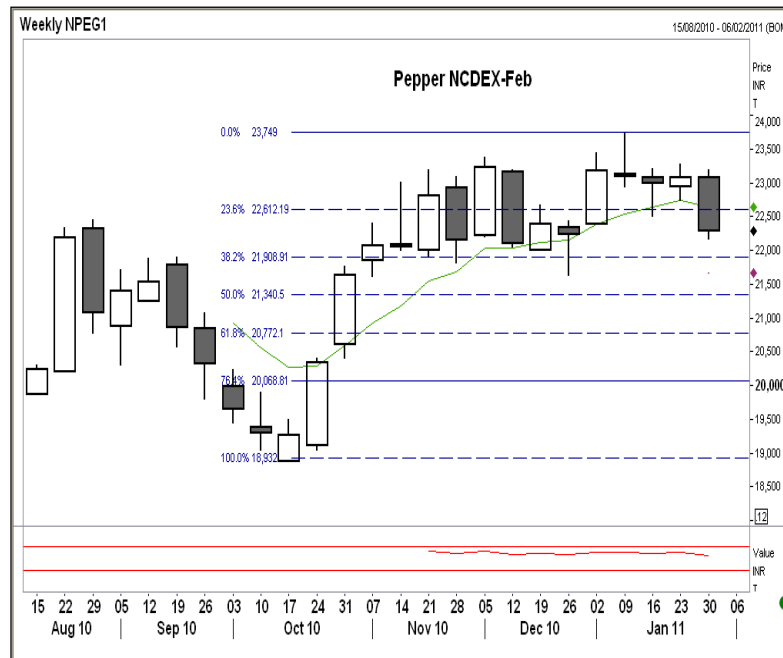
The NCDEX Pepper February contract prices, volume and open interest all are falling. If the total open interest is falling off and prices are declining, the price decline is being caused by disgruntled long position holders being forced to liquidate their positions. This indicates that bearish trend may continue further until sudden change in open interest and volume traded occurs.



### Technical

Pepper February contract in NCDEX falls drastically during this week and settled at 22308.

In the weekly chart, a long black candle stick is spotted suggesting continuation of downtrend for the coming week also. As per Fibonacci principle prices closed below Rs. 22620 i.e. 23.60% retracement of the range 18882-23775 this suggests that the prices may retrace till 21900 i.e. 38.2% natural retracement for the coming week. Also prices closed below 2266 i.e. 8 - Weekly Exponential Moving Average indicating short term bearish mode in the market. Another technical indicator RSI (14) is trading at 0.63 suggesting downside potential for pepper prices.



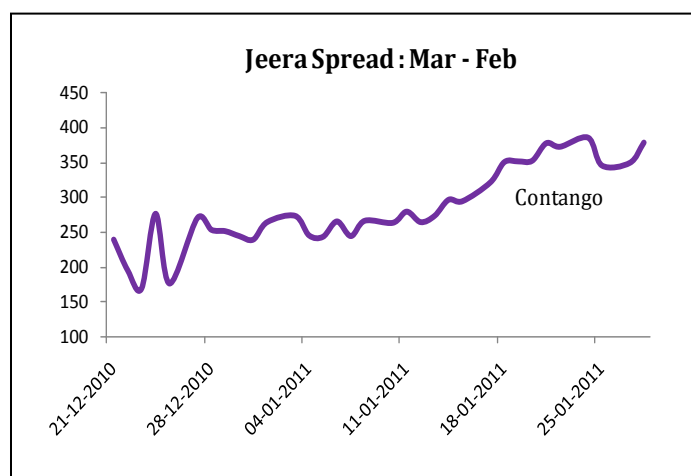
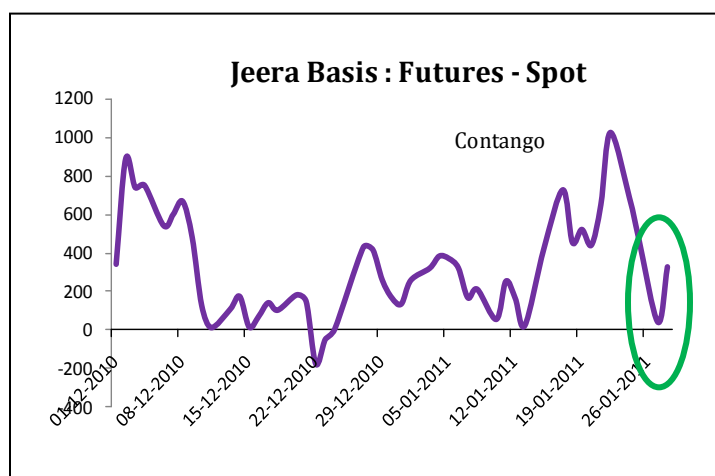
From the above analysis, we expect pepper prices to remain bearish for the coming week therefore suggest traders to go short.



### Jeera Review

The jeera futures reversed the trend towards bearish side last week. Huge arrivals at spot market pressurized the prices and futures fell continuously for 3 sessions. According to trade sources, weather conditions are now favourable for jeera crop. Thus, good crop growth is also weighing on sentiments. On prospects of good crop traders are releasing their stocks on prevailing prices which further added to the down side. Thus, futures also witnessed heavy liquidation of positions. However, prices took smart recovery on short covering on losses but overall bearish sentiments pull down the prices.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb	15630	15710	14640	14877	-5.33	52167	-19.73	9345	-32.59
Mar	16092	16092	15020	15256	-5.20	37959	52.70	15864	4.44
Apr	15200	16519	15189	16446	-4.84	2436	344.33	1875	222.24



### Outlook

Jeera futures are expected to continue the bearish trend in coming week. Active selling on cues from spot may pressurize the prices. Increased arrivals at spot market might further add to the down side. As per farmers, fresh arrivals from early crop have been started in very small amount which may pick up in few days. However, fresh buying in small amount on losses can be seen later in the week. Nonetheless, improved weather conditions are supporting the crop growth which might limit the gains and pull down the prices.

### Factors to watch out

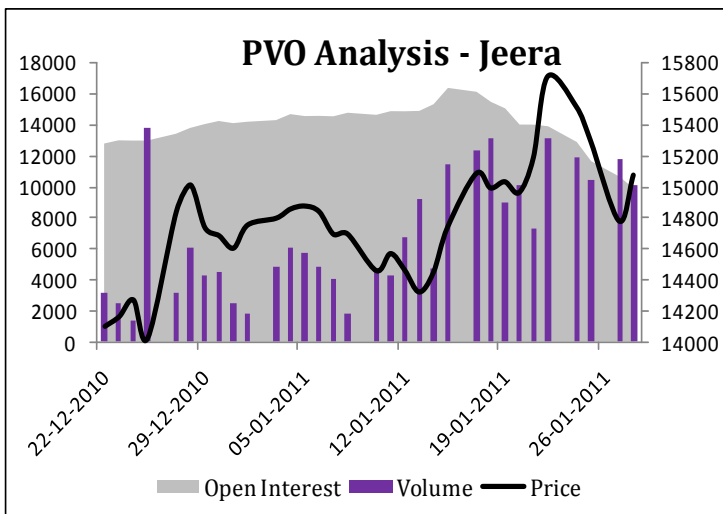
- ❖ Average daily prices at spot market of Unjha were in the range of ₹13800-14050 per quintal for uncleaned and ₹14650-14,780 per quintal for NCDEX quality Jeera
- ❖ Fresh arrivals have been started at spot market and are likely to pick up in coming week
- ❖ Stock available at spot market are around 5-6 Lakh bags, according to trade sources
- ❖ As per trade sources, jeera production in 2011 is expected to be around 85% of previous year's production
- ❖ NCDEX accredited warehouses are at 5900 tones as on January 27<sup>th</sup> 2011



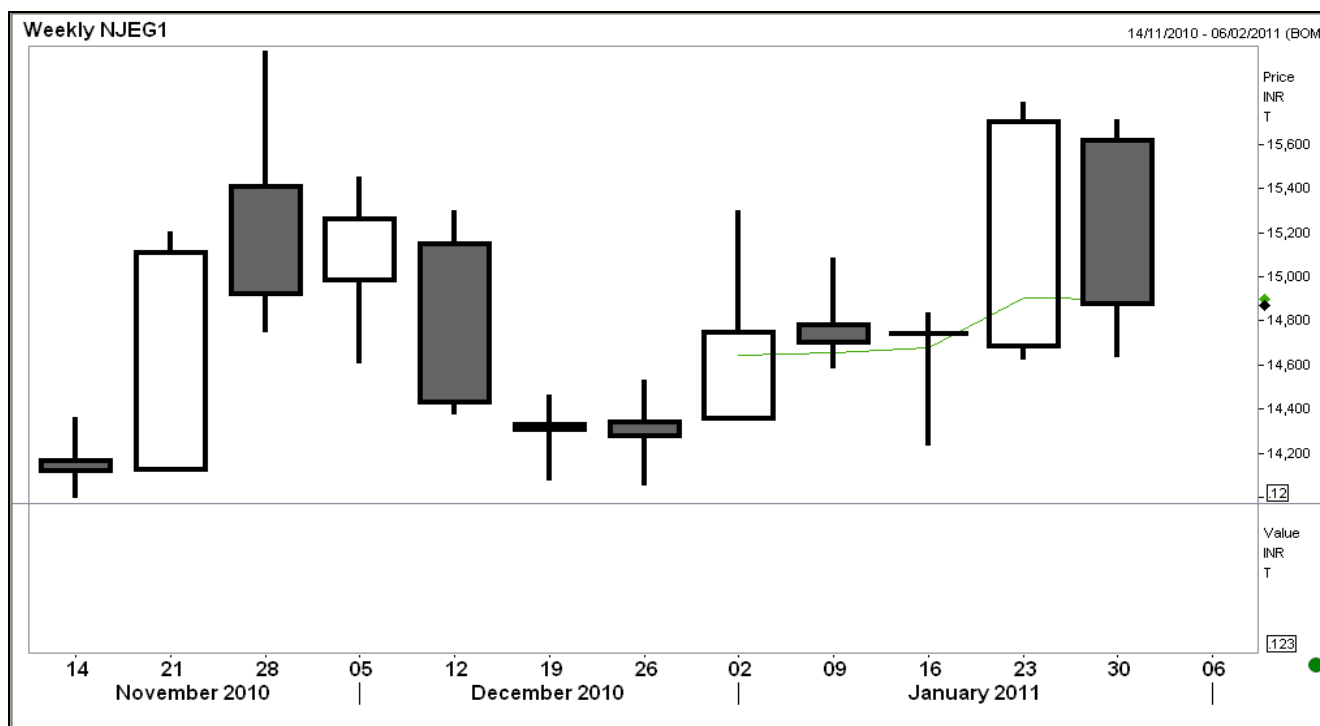
As per Spices Board data, international price of jeera in New York market was almost unchanged to \$3.64 per kg during the week ended January 21<sup>st</sup> 2011 against \$2.93 per kg quoted in the same period last year

### Derivative Analysis

The NCDEX jeera February contract prices, volume and open interest all are falling. If the total open interest is falling off and prices are declining, the price decline is being caused by disgruntled long position holders being forced to liquidate their positions. This indicates that bearish trend may continue further until sudden change in open interest and volume traded occurs.



### Technical



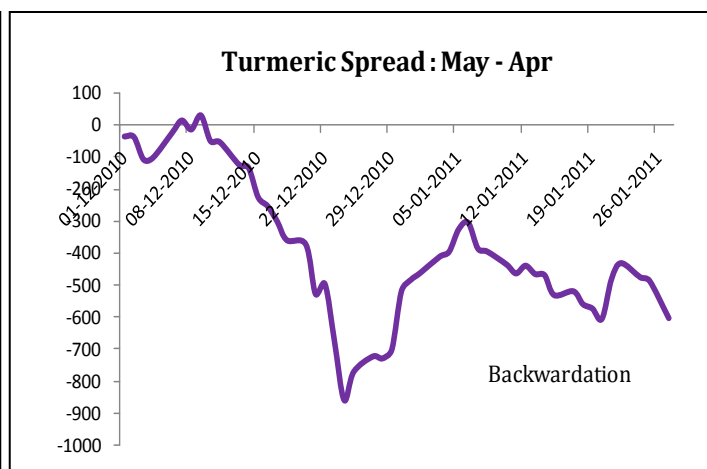
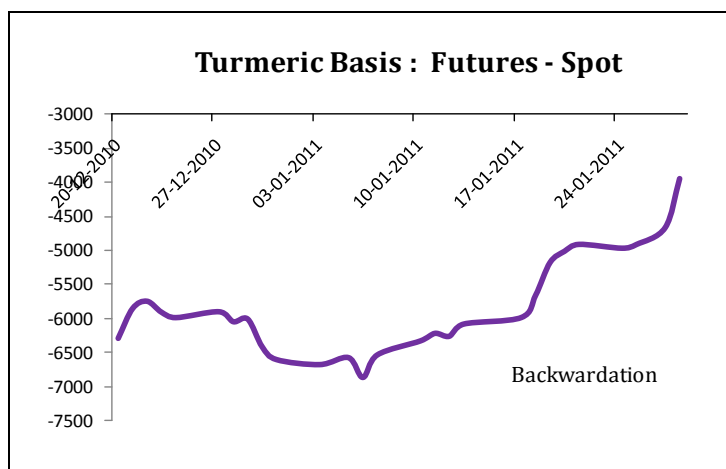


### Turmeric

#### Review

The NCDEX turmeric traded down on cues from spot market during the week ended on January, 29. Futures started the week on negative note on fresh selling at previous week's gains. Poor export and domestic demand amid huge arrivals further added to the bearish trend. Traders were not interested in bulk buying due to higher moisture content in crop. However, prices reversed the direction and witnessed a smart recovery on lower level buying. However, recovery was not enough to reverse the trend and futures ended the week on lower note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr	10000	10098	9710	9842	-2.19	10485	-26.37	6355	6.54
May	9460	9700	9400	9582	-2.86	1100	8.18	2160	5.32
Jun	9250	9550	9250	9444	-2.18	260	188.46	875	11.43



#### Outlook

Turmeric futures are expected to trade range bound in coming week. Weak demand from bulk buyers may further pressurize the prices. Increased arrivals may also add to the fall in prices. However, traders are now waiting from fresh orders from north Indian buyers. Therefore, if sudden demand from north India comes in to the market then we can see a positive trend in prices which will support the prices to cover the earlier losses.

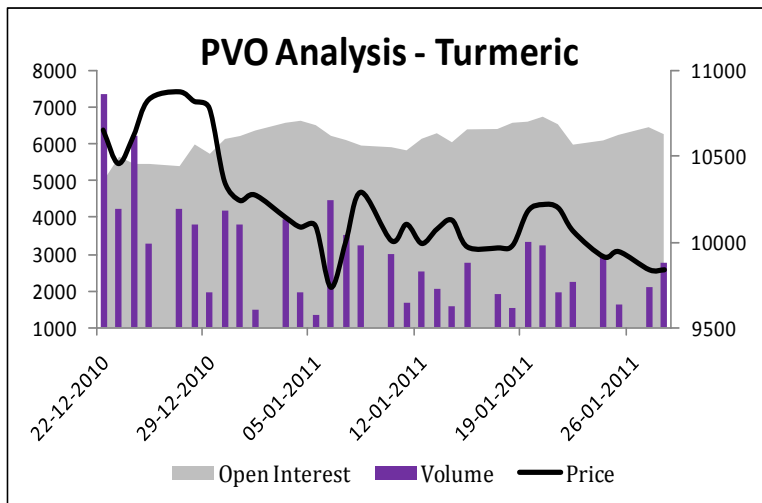
#### Factors to watch out

- ❖ Average daily prices at Nizamabad and Erode hovered in the range of ₹13,000-14,500 and ₹13,500-15,000 per quintal
- ❖ Arrivals at Nizamabad and Erode market were 4000-6000 bags and 2000-4000 bags respectively (each bag=70 kg)
- ❖ According to traders, bulk buyers are not interested in buying as of now and they are expecting further decline in prices.
- ❖ As per Spices Board data, international price of Turmeric in New York market were unchanged to \$5.29 per kg during the week ended January 21<sup>st</sup> 2011 against \$2.82 per kg quoted in the same period last year

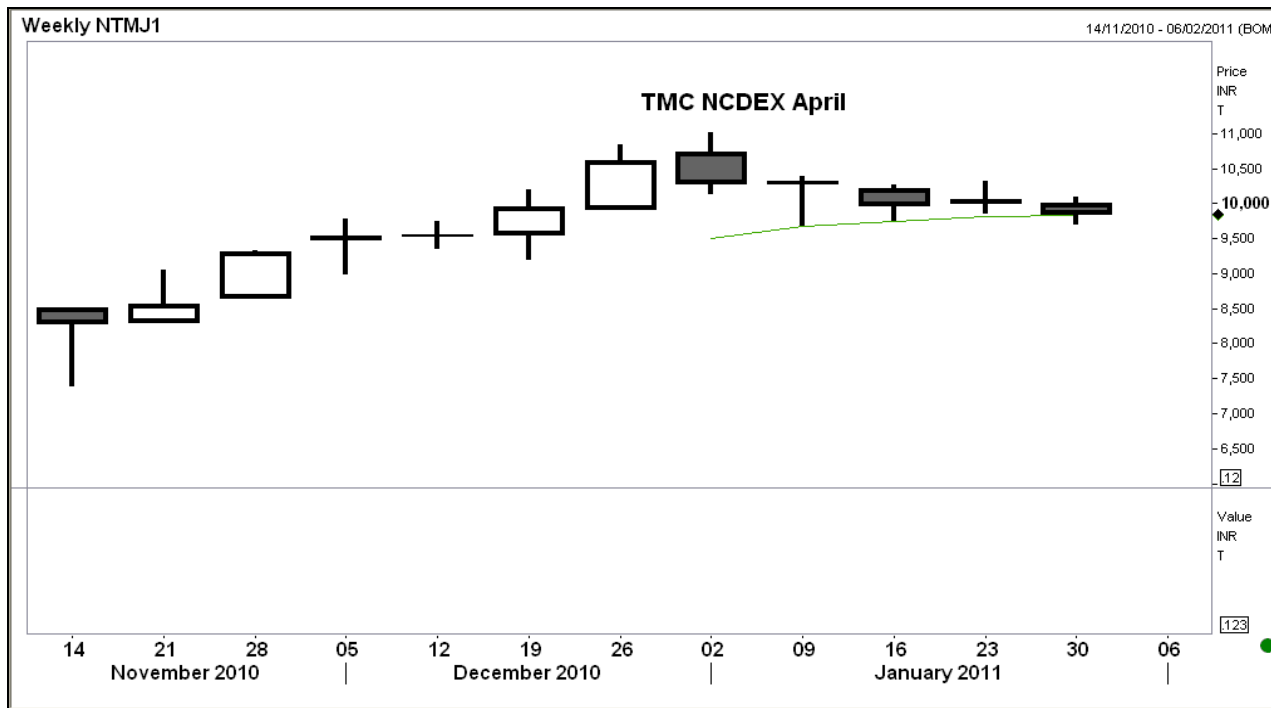


### Derivative Analysis

The NCDEX turmeric April contract prices, volume are decreasing while open interest is rising. It is a good indication that a sharp rally against downtrend will develop creating a sell point for downtrend.



### Technical



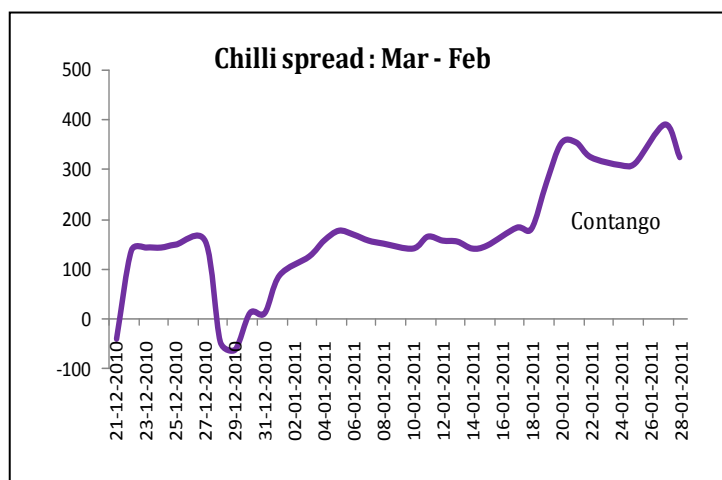
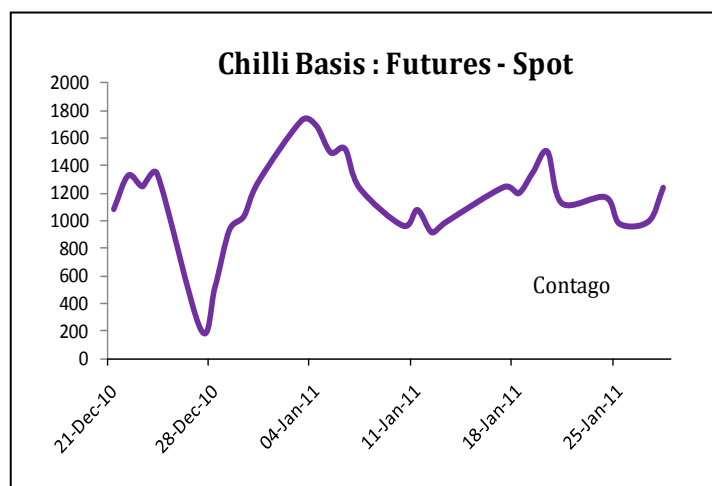


## Chilli

### Review

The Chilli futures washed away all the gains on active selling during last week. On opening itself prices witnessed huge fall on cues from bearish spot market activity. Fresh crop arrival increased at spot market this week. Despite of demand poor crop quality kept traders away from market. However, prices witnessed good recovery on short covering but failed to sustain the gains. Increased arrivals of new crop further created pressure on prices and futures ended the week on lower note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb	8828	8976	8336	8648	-1.03	16325	-41.34	4585	-13.33
Mar	9258	9258	8660	8974	-1.32	12550	-27.58	5080	5.72
Apr	8450	9578	8436	9426	-1.49	8035	-22.34	3090	4.21



### Outlook

The NCDEX Chilli futures are expected to trade highly volatile in coming week. Fresh buying on losses may support the prices initially. As per traders, quality is not that much good which is creating demand for old stock in market; while old stocks is very limited which is likely to support the prices. However, increasing fresh crop arrivals at spot market is likely to create pressure on prices. According to traders, February onwards arrival will further increasing as second picking will be started which might further weigh on prices.

### Factors to watch out

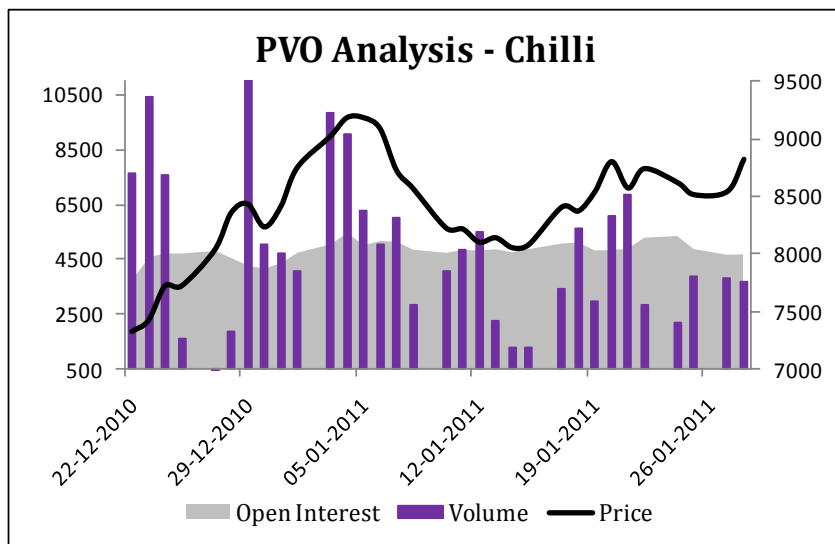
- ❖ Daily average arrivals at Guntur market were 20,000-25,000 bags of new crop and 15,000- 20,000 bags of old crop (each bag=40 kg)
- ❖ Daily Prices were hovering in the range of ₹6700-7300 per quintal for fresh crop while ₹6800-7500 per quintal for old crop
- ❖ Lower crop quality is keeping the prices on bearish mode
- ❖ As per Trade source, production this year is expected to be around 80-90 Lakh bags against 1.5 Crore bags last year



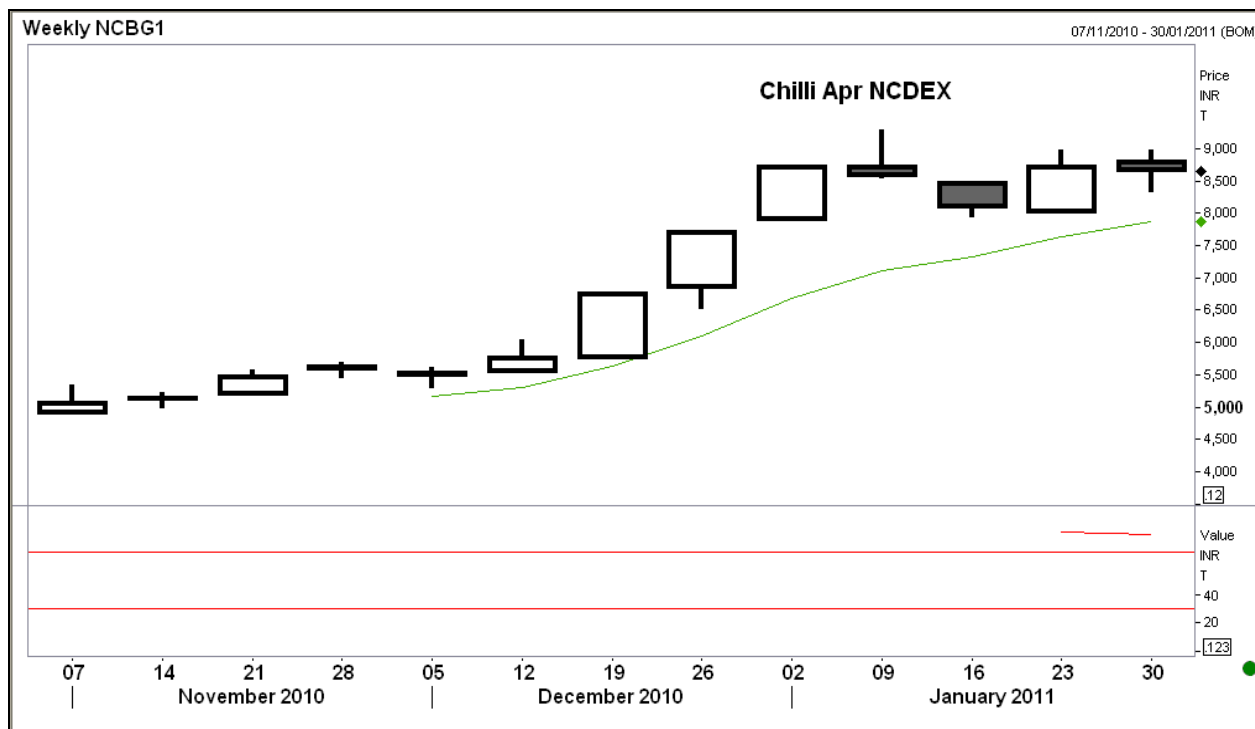
As per Spices Board data, international price of chilli in New York market was almost unchanged to \$3.20 per kg during the week ended January 21<sup>st</sup> 2010 against \$2.54 per kg quoted in the same period last year

### Derivative Analysis

The NCDEX chilli February contract prices, volume and open interest all are falling. If the total open interest is falling off and prices are declining, the price decline is being caused by disgruntled long position holders being forced to liquidate their positions. This indicates that bearish trend may continue further until sudden change in open interest and volume traded occurs.



### Technical



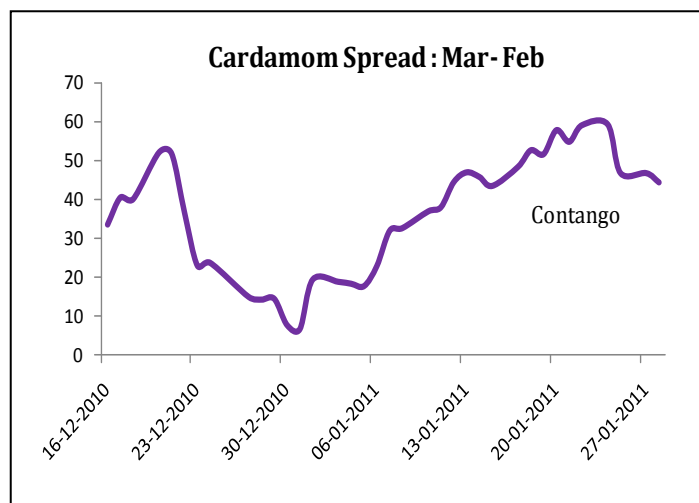
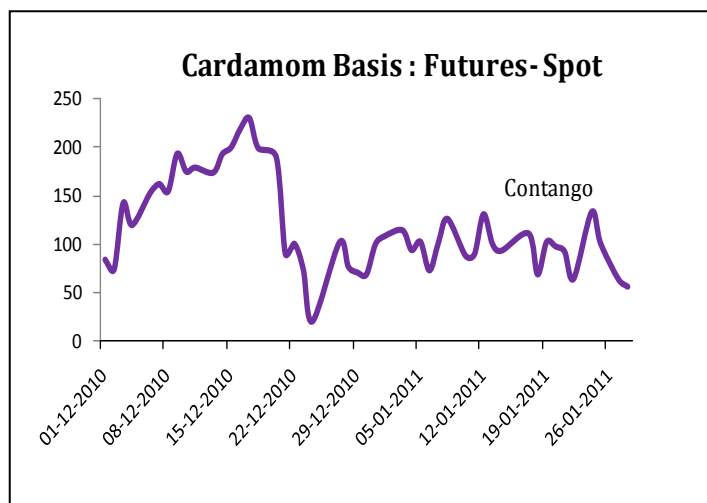


## Cardamom

### Review

The cardamom futures extended the losses during last week. Futures started the week on higher note on short covering on previous week's losses. However, lack of active buying at spot on declining arrivals of good quality cardamom kept the buyers away from market and prices started falling at futures. Poor export demand further added to the down side. However, prices showed small recovery on short covering but failed to sustain the gains. Nonetheless, active selling on gains again pulled down the prices and futures ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb	1461	1544	1392.2	1394	-4.53	10233	5.92	1904	-10.57
Mar	1523.5	1603	1437.2	1438.5	-5.06	3443	5.71	783	0.77
Apr	1648	1651	1549	1553.8	-4.42	1844	11.82	1284	2.65



### Outlook

Cardamom futures are expected to extend the losses in the coming week. Extended selling pressure may lead to the further fall in prices. Prices at spot are further declining on poor demand. Week demand from exporter's side is also creating pressure on prices. However, any fresh inquiry from north India might support the prices at lower levels.

### Factors to watch out

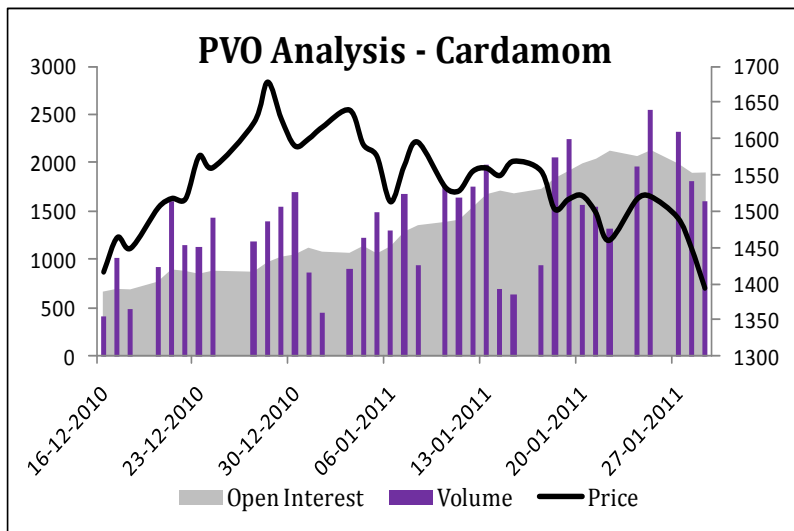
- ✿ Daily average arrivals at auctions have started declining and average arrivals hovered in the range of 15-30 tons; average auction prices were hovering in the range of ₹1264-1358 per Kg.
- ✿ As per trade sources, Indian cardamom prices in international market is quoting around \$36 per Kg. while Guatemala is quoting \$28 per Kg. Prices difference in Two major producers is weighing on sentiments
- ✿ Total quantity arrived at spot market during the current season till January 14<sup>th</sup> is around 6,352 tons. Of which, 6,220 tons of cardamom was sold. While arrival in the same period last year was around 6,410 tons
- ✿ MCX warehouse stock of Cardamom as on 28<sup>th</sup> January 2011 was 26.4 tons



- As per Spices Board data, international price of Cardamom in Saudi Arabia market came down to \$36.01 per kg during the week ended January 21<sup>st</sup> 2011 however, it was higher than \$28.39 per kg quoted in the same period last year

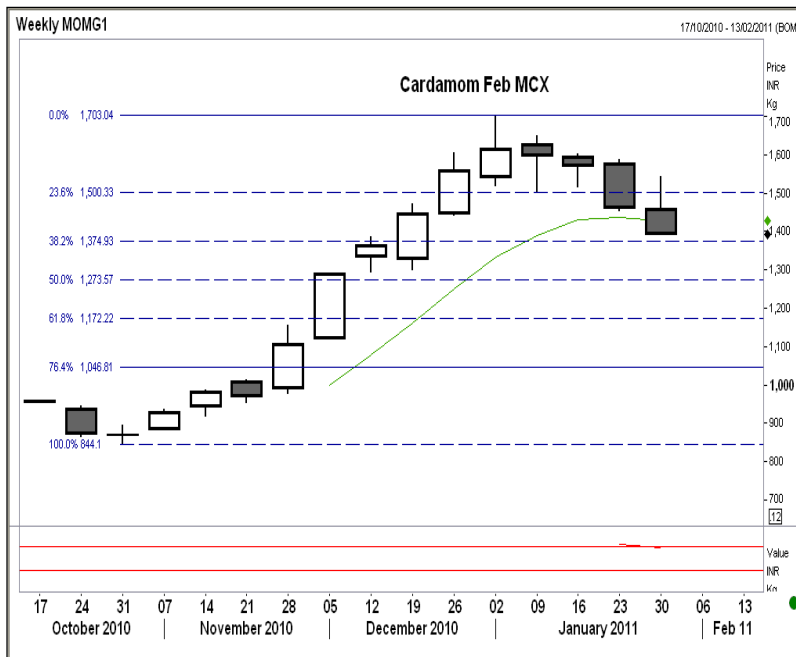
### Derivative Analysis

The MCX cardamom January contract prices and open interest have declined while volumes have increased. 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

Cardamom February future prices witnessed downfall in last week by extending the previous trend. Overall, it declined as much as 2.3% from previous close 1450.20. A **Black Closing Morubozu** candle stick pattern is witnessed in the weekly chart with long upper shadow suggests lack of buying interest at higher level in cardamom. As per **moving average principle** market has posted a lower closing below the weekly EMA (8) suggesting downside pressure for the coming week. The downside potential is seen till 1374 levels. **RSI (14)** weekly ended at 0.59 levels and showing a lower potential. Overall, we expect prices to see a mild higher correction before resuming its downtrend and recommend selling at higher levels.





# SPICES WEEKLY



A weekly fundamental and technical report on spices

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