



SPICES WEEKLY

KARVY
COMMODITIES BROKING

A weekly fundamental and technical report on spices

31 October 2011



Technical Recommendations

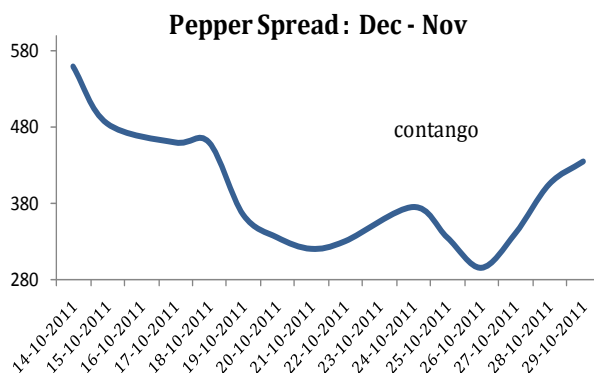
Commodity	Exchange	Recommendation
Pepper Nov	NCDEX	Sell at 34480-34530 TP 33380/32870 SL 35060
Jeera Nov	NCDEX	Sell at 14670-14710 TP 14480/14330 SL 14910
TMC Nov	NCDEX	Sell at 5130-5150 TP 4860 SL 5320
Chilli Nov	NCDEX	Sell below 8300 TP 8180/8120 SL 8430
Cardamom Nov	MCX	Range : 650- 695



Pepper Review

Pepper prices extended the bearish trend on continued selling during last week. From starting for the week futures witnessed huge fall on additional selling continuing previous week's losses. Reports of early arrivals of crop during next arrival season pulled down the prices. However, prices witnessed small recovery on lower level, but overall trend remained weak. Due to diwali festival activity at domestic front also remained sluggish. Despite the lower Indian prices in international market domestic futures continued the falling trend and ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	35500	35550	33530	33875	-4.70	25913	2.27	9447	-1.84
Dec-11	35875	35875	33840	34310	-4.36	8789	163.38	2681	69.79
Jan-12	35975	35975	34105	34615	-4.52	441	60.95	159	9.66



Outlook

Bearish trend in pepper prices is expected to continue in coming week amid strong selling interest. Expectations of early arrivals of pepper crop this year is likely to add to the bearishness. According to trade sources, this year timely withdrawal of monsoon and higher prices provoked growers to starting early picking and drying of berries. Better crop expectations in Karnataka has led the production estimates to higher around 48000-55000 tons. However, Indian prices are still lower in international market which might attract some exports to India and limit huge losses during the week.

Factors to watch out

- Average daily prices at spot market of Kochi increased by ₹500 per quintal during the week to ₹33,300 and ₹34,300 per quintal for Ungarbled and MG-1 grade respectively
- International Pepper Community's (IPC) Meeting is expected to held in November in Vietnam, where projections of next year's pepper demand – supply scenario will be discussed
- Stock positions at the NCDEX accredited warehouses were at 5129 tons as on October 28th 2011
- According to data released by Spices board, pepper exports during April- August 2011 were increased by 12% to 8750 tones against 7800 tones in the same period last year



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- As per Spices Board data, international price of pepper in New York market declined marginally to \$8.60 per kg during the week ended October 21st against \$4.63 per kg quoted in the same period last year

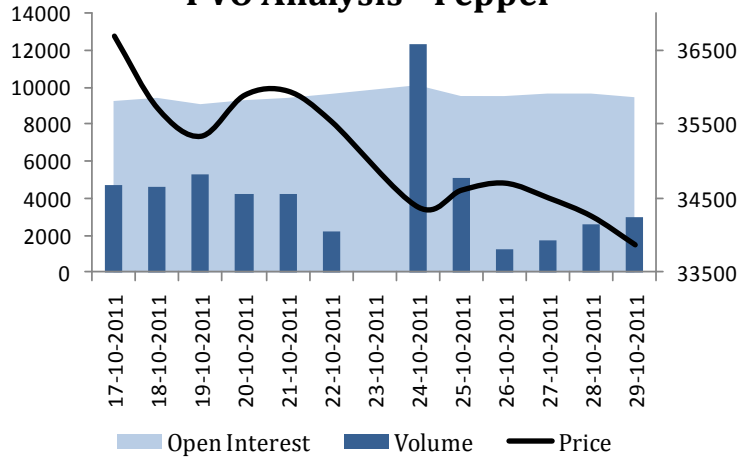
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Nov-11	31067	32298	33087	33875	35107	36338	37127
	Dec-11	31440	32640	33475	34310	35510	36710	37545
	Jan-12	31952	33028	33822	34615	35692	36768	37562

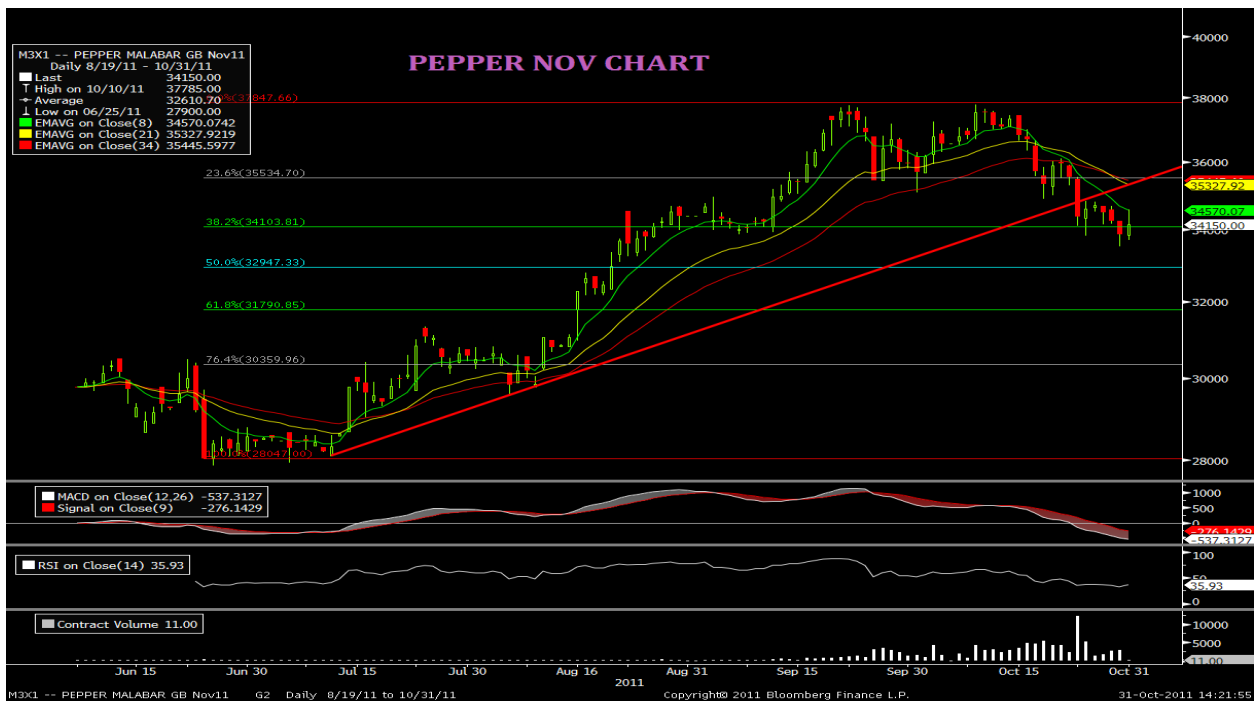
Derivative Analysis

The NCDEX Pepper November contract prices and open interest have ended on positive note while volumes have increased. It is a good indication that market is running out of traders willing to open or hold an open positions. Traders are liquidating both losing long positions & closing winning short positions. A higher probability the market is set to retrace

PVO Analysis - Pepper



Technical



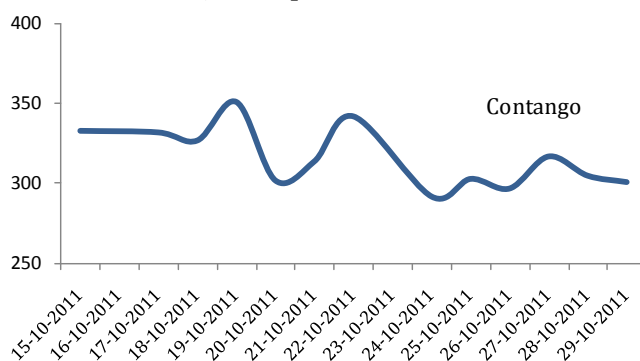


Jeera Review

Jeera prices extended the very choppy trend on mixed sentiments during the week ended on Oct. 29th. Futures started the week on negative note extending previous losses. However, spot activity remained steady and after that spot market remained closed for rest of the week due to festival of Diwali. Therefore, in absence of fresh cues from spot market futures also witnessed subdued trend. However, prevailing confusion regarding shortage of stocks till fresh crop hit the market in March limited the sharp fall. Thus, futures prices traded on sluggish note and ended the week on 0.39% W/W losses.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	14610	14846	14301	14563	-0.39	17412	-44.79	16398	-5.27
Dec-11	14950	15179	14630	14864	-0.65	5955	-39.07	15120	5.68
Jan-12	15400	15522	15152	15296	-1.25	333	111.71	303	50.50

Jeera Spread : Dec - Nov



Outlook

Jeera prices are projected to continue the bearish trend on extended profit booking initially in coming week. Rising prospects for next season sowing is likely to pressurize the prices. In saurashtra region sowing is gaining momentum due to good sowing moisture. Sowing for next season has also started in Rajasthan. However, traders estimates of lower carry forward till next crop arrive might limit sharp losses during the week.

Factors to watch out

- ❖ Spot market of Unjha arrivals declined to 4000-5000 bags (1 bag= 60 Kg.)
- ❖ According to data released by Spices board, Jeera exports during April- August 2011 were increased by 39% to 9500tones against 15700 tones in the same period last year
- ❖ According to traders, production for next year is likely to remain higher on expectations of higher acreage
- ❖ Traders estimates for carry forward socks are 5 Lakh bags and for production in 2011-12 is around 30-35 Lakh bags
- ❖ NCDEX accredited warehouse stocks were at 12395 tons as on October 28th 2011
- ❖ As per Spices Board data, international price of jeera in New York market remained steady at \$4.08 per kg during the week ended October 21st 2011 however, remained higher against \$3.53 per kg in the same period last year



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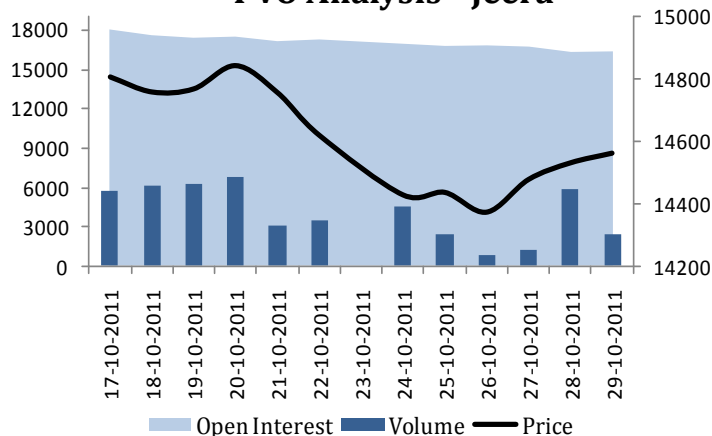
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Nov-11	13749	14025	14294	14563	14839	15115	15384
	Dec-11	14054	14342	14603	14864	15152	15440	15701
	Jan-12	14755	14953	15125	15296	15495	15693	15865

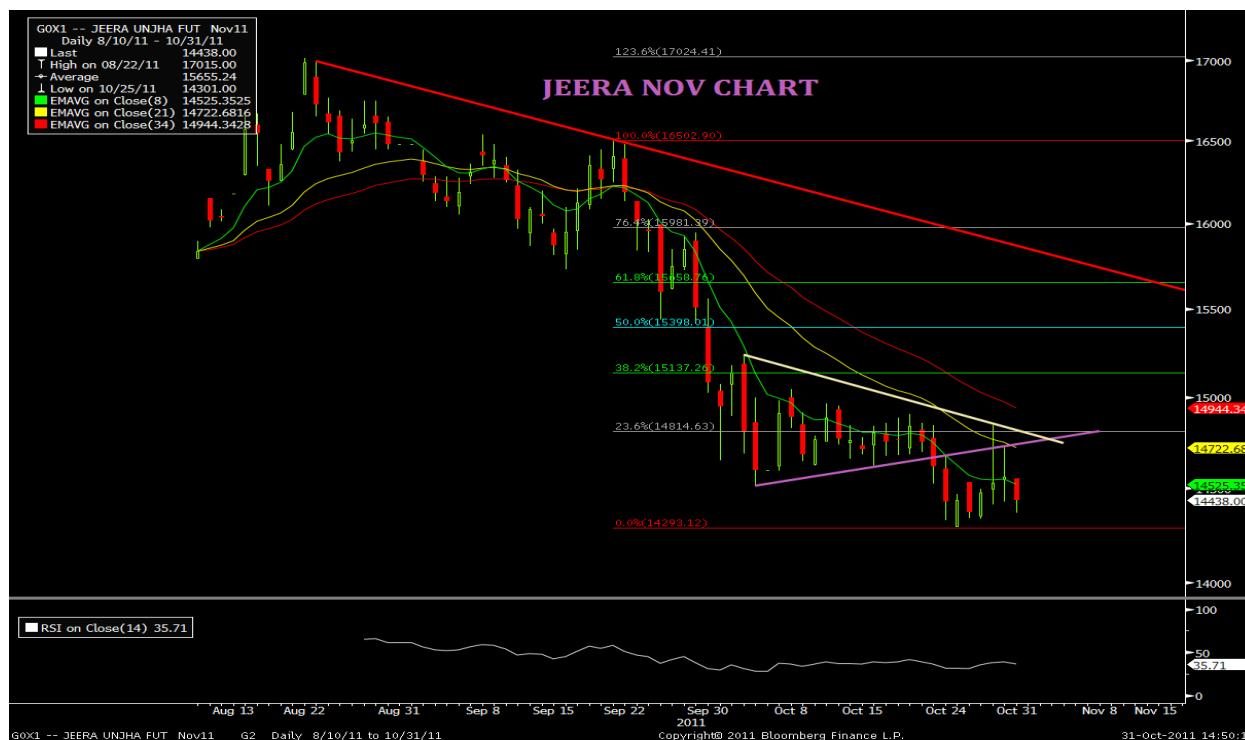
Derivative Analysis

The NCDEX jeera November contract prices, volumes and open interest all have declined. It is a good indication that the price decline is being caused by disgruntled long position holders being forced to liquidate their positions. Technicians view this scenario as a strong position technically because the downtrend will end as all the sellers have sold their positions, creating fresh buying opportunity at lower levels.

PVO Analysis - Jeera



Technical





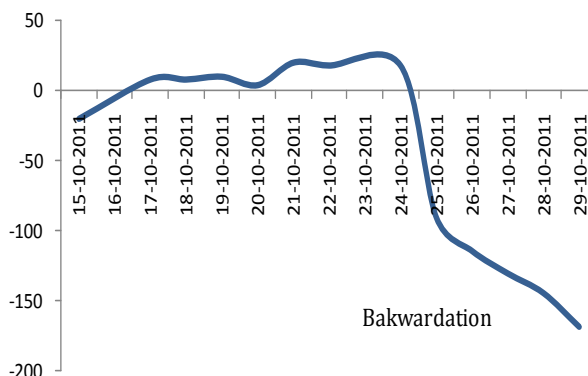
Turmeric

Review

The NCDEX turmeric witnessed huge volatility on mixed response from traders during last week. Prices at futures started the week on negative note on continued losses. However, later on futures witnessed small recovery on short covering. Absence of arrivals from spot markets due to the festive holiday also supported the prices during the week. Nonetheless, overall trend remained subdued as higher production estimates due to increase in acreage weighed on market sentiments and futures ended the week on negative note with 0.71% W/W losses.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	5050	5212	4680	5030	-0.71	38325	5.53	10840	7.33
Dec-11	5310	5310	5000	5084	-4.37	17470	52.03	8875	21.07

Turmeric Spread : Dec - Nov



Outlook

Turmeric prices are expected to open on bearish note on follow through selling in coming week. Spot markets across Indian are likely to resume their activity from Monday Onwards. Therefore, we can see small recovery during the week. However, Bumper crop expectation along with higher carry over stocks might weigh on prices later on. Festive season demand is likely to slow down as diwali festival is over.

Factors to watch out

- ♣ According to trade sources, they are fulfilling earlier export commitment but now they are not taking further export orders due to falling prices
- ♣ According to AP Govt. till October 12th sowing has been done in 0.68 Lakh Ha as compared 0.69 Lakh Ha previous year
- ♣ Current year's acreage is up by 8% than the normal acreage which is likely to weigh on prices in medium to long term
- ♣ NCDEX warehouse stocks of Turmeric as on October, 28th 2011 were 5758 tons
- ♣ As per Spices Board data, international price of Turmeric in New York market remained unchanged to \$6.06 per kg during the week ended October 21st 2011 higher against \$5.40 per kg quoted in the same period last year



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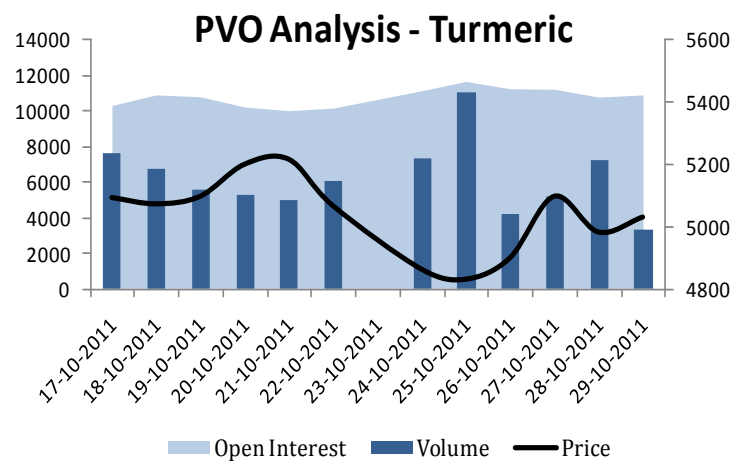
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Pivot Point

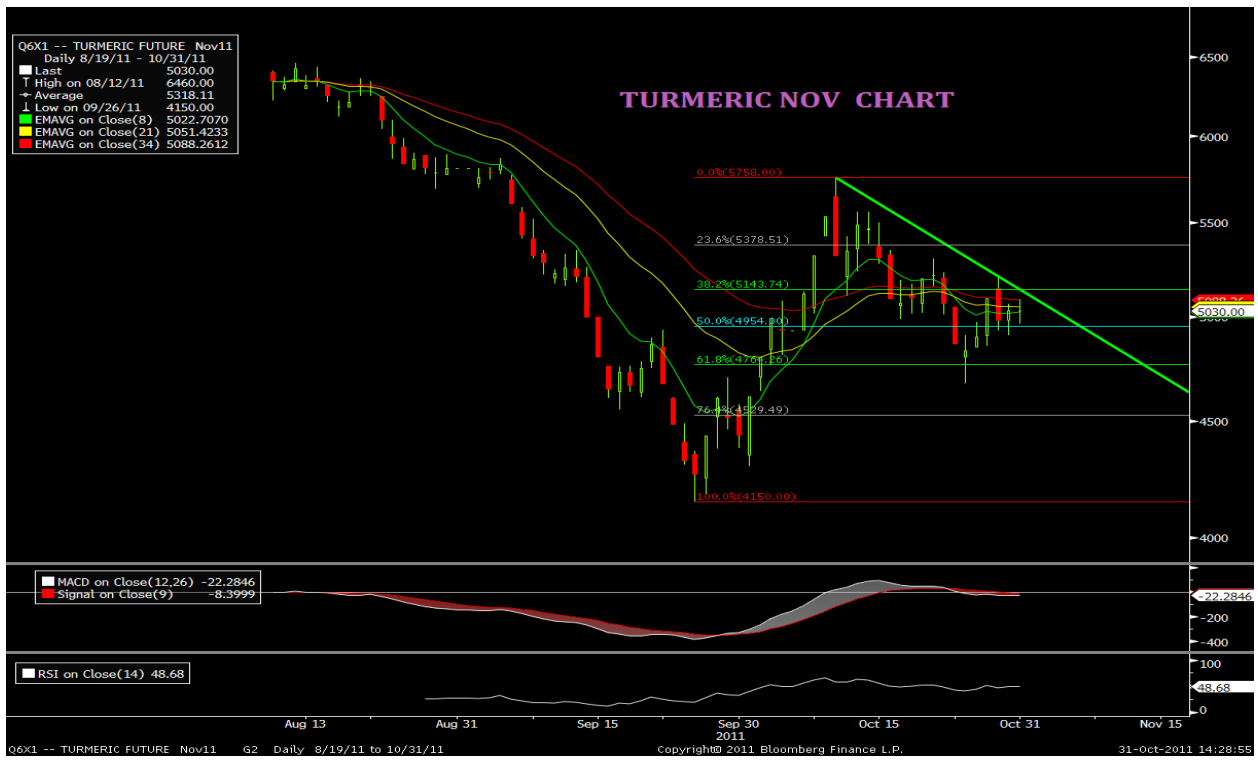
Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Nov-11	4204	4442	4736	5030	5268	5506	5800
	Dec-11	4643	4821	4953	5084	5263	5441	5573

Derivative Analysis

The NCDEX Turmeric November contract prices have ended on negative note while volumes and open interest have increased. It is a good indication that new money is coming into the market, showing aggressive new short selling. This scenario will prove out a continuation of a downtrend or bearish condition.



Technical

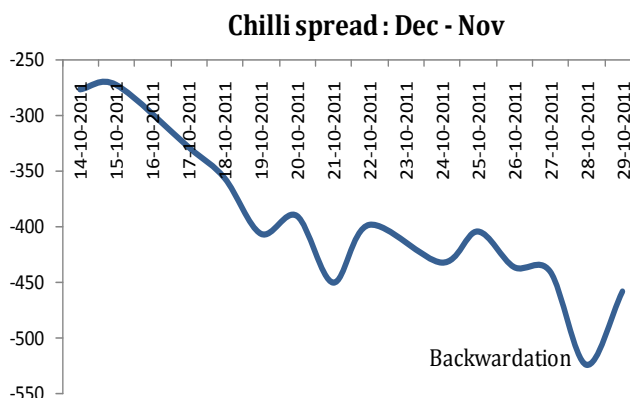




Chilli Review

The Chilli prices traded very range bound to negative biased during last week. Futures started the week on marginally positive note taking recovery on previous losses. Spot market also remained closed most of the time due to Diwali festival. Mismatch in traders and AP government's acreage figures kept most of the trade activity very choppy. Rising arrivals from Madhya Pradesh weighed on market sentiments. Overall trend remained very subdued and futures ended the week on marginally negative note with 0.38% W/W losses.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	8350	8410	8310	8342	-0.38	3060	-36.51	3735	-5.44
Dec-11	7960	8002	7806	7884	-1.15	1990	38.19	2155	36.83



Outlook

Chilli prices are expected trade range bound to lower in coming week on subdued demand. Spot market of Guntur will open after a week long off which might support prices initially in the week. According to traders, acreage in AP has increased by 30% this year but as per AP agriculture department data acreage has declined. This might also weigh on prices.

Factors to watch out

- ♣ According to AP Govt. till October 12th chilli sowing has been done in 1.46 Lakh Ha as compared 1.52 Lakh Ha previous year
- ♣ According to data released by Spices board, chilli exports during April- August 2011 were increased by 39% to 68,000 tones against 1,11,000 tones in the same period last year
- ♣ NCDEX warehouse stocks of Chilli as on October 28th 2011 were 2563 tons
- ♣ As per Spices Board data, international price of chilli in New York market was unchanged to \$3.64 per kg during the week ended October 21st 2011 against \$2.54 per kg quoted in the same period last year



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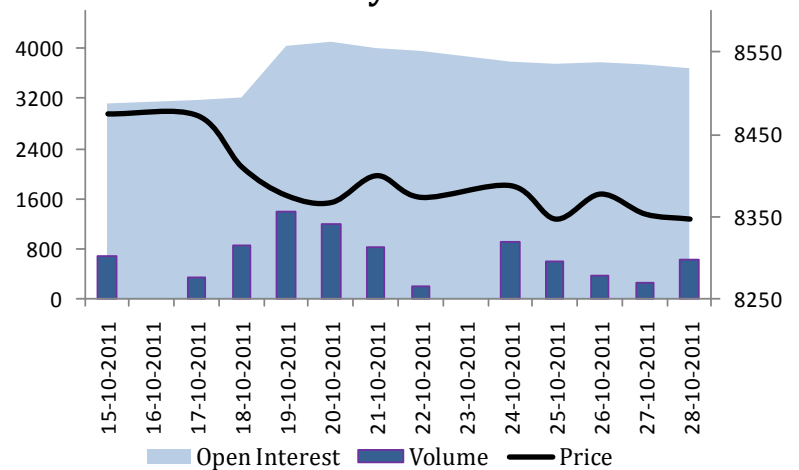
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Nov-11	8198	8254	8298	8342	8398	8454	8498
	Dec-11	7597	7701	7793	7884	7989	8093	8185

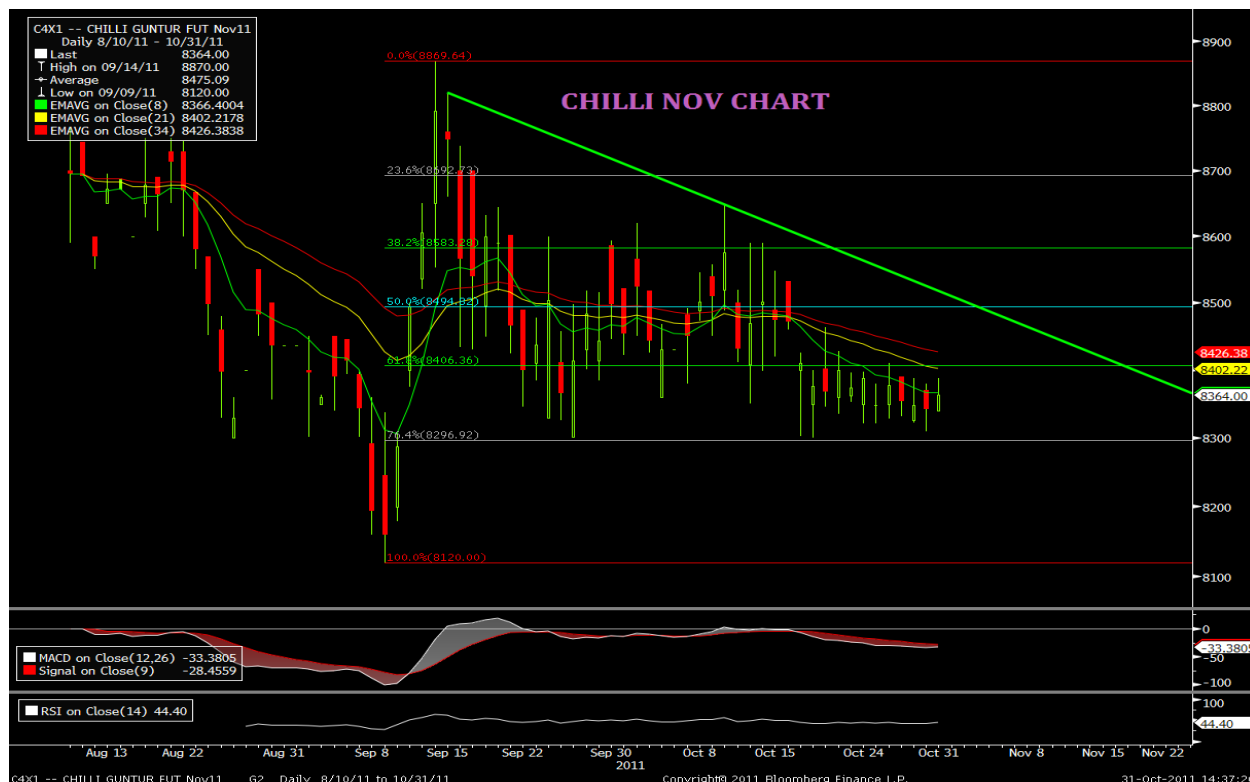
Derivative Analysis

The NCDEX chilli November contract prices, volumes and open interest all have declined. It is a good indication that the price decline is being caused by disgruntled long position holders being forced to liquidate their positions. Technicians view this scenario as a strong position technically because the downtrend will end as all the sellers have sold their positions, creating fresh buying opportunity at lower levels.

PVO Analysis - Chilli



Technical





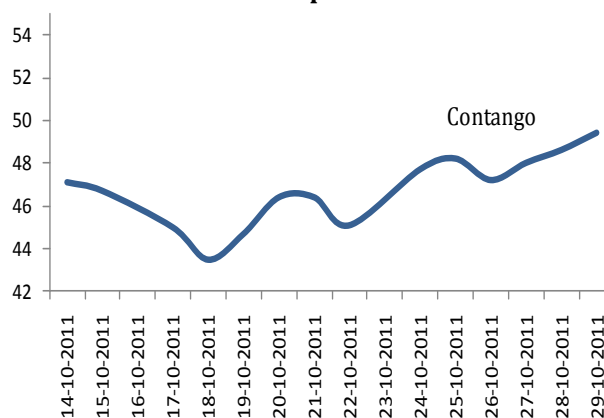
Cardamom

Review

The cardamom futures extended the bearish trend on continued selling pressure amid rising arrivals. Futures started the week on negative note extending previous week's losses. Huge arrivals across the spot auctions held in Kerala and Tamil Nadu pulled down the prices. Overall trend also remained weak amid higher production estimates for current year. Thus on cues from spot market activity futures also traded range bound to down and ended in red with 3.03% W/W losses.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	698.5	704.9	671	678.5	-3.03	8156	-59.38	3901	2.33
Dec-11	745	751.8	719.3	727.9	-2.27	2566	-55.23	2333	6.14
Jan-12	844.9	861	797	809.5	-1.06	1591	-56.61	812	8.65

Cardamom Spread : Dec - Nov



Outlook

Cardamom futures are projected to extend the bearish trend in coming week. Overall weak trend due to peak arrival season is likely to pull down the prices during the week. According to the growers, favourable weather conditions might support the harvesting and supply through out the year. This might further add to the bearishness. However, good demand from exporters might cushion the prices from sharp losses.

Factors to watch out

- ❖ Daily average arrivals at auctions increased to record high level to 33-100 tons during this week; while average auction prices declined to Rs.481-578 per Kg.
- ❖ According to data released by Spices board, Cardamom exports during April- August 2011 were increased by 517% to 1450 tones against 235 tones in the same period last year
- ❖ According to Spices board of India, total arrivals during the current season till Oct. 22nd were 6276.56 tons
- ❖ MCX warehouse stocks of Cardamom as on October 28th 2011 were 36.0 tons
- ❖ As per Spices Board data, international price of Cardamom in Saudi Arabia market declined to \$17.63 per kg during the week ended October 21st 2011; it was lower than \$20.50 per kg quoted in the same period last year



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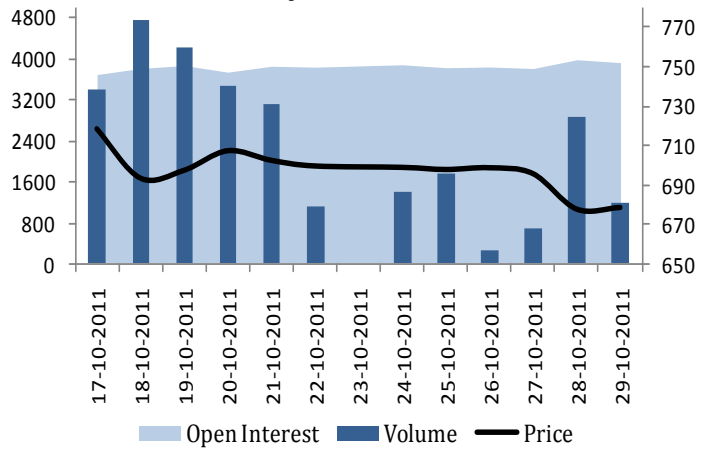
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
	Nov-11	631	651	665	679	699	719	733
NCDEX	Dec-11	682	701	714	728	747	766	779
	Jan-12	720	759	784	810	848	887	912

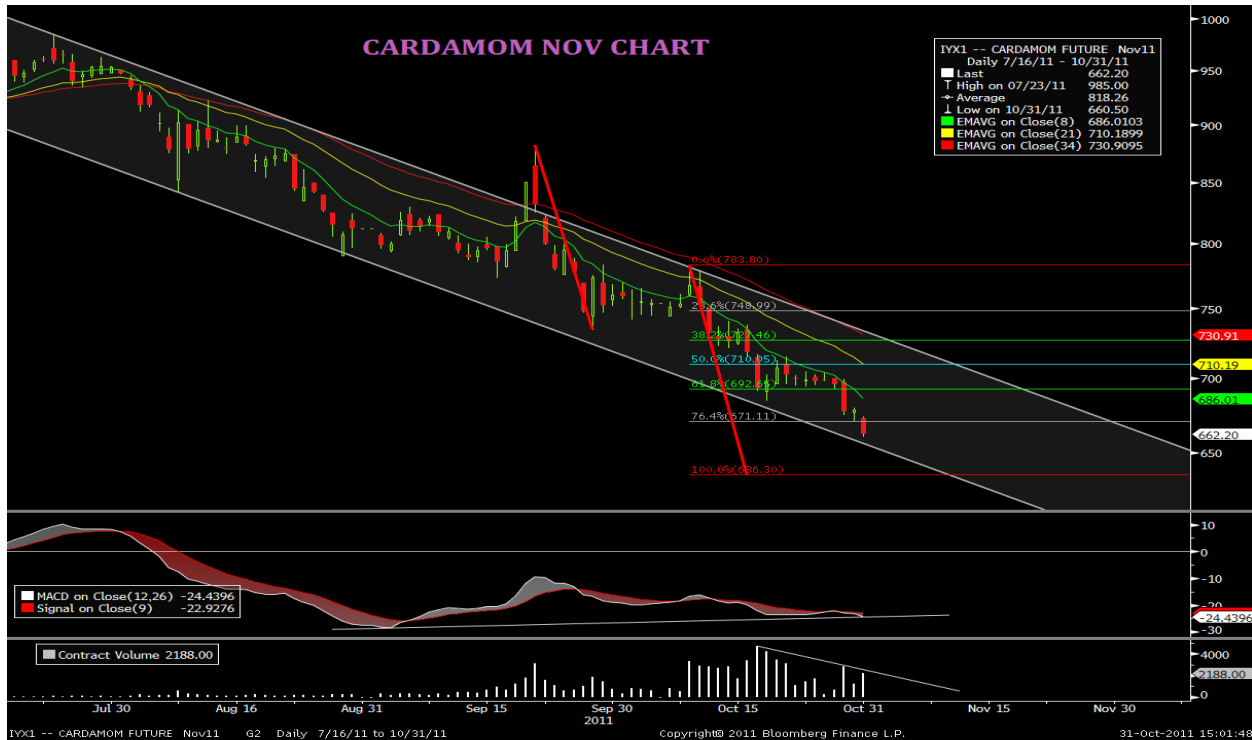
Derivative Analysis

The MCX cardamom November contract prices and volumes have ended on negative note while open interest has increased. It is a good indication that a sharp rally against downtrend will develop creating a sell point for downtrend.

PVO Analysis - Cardamom



Technical





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