



SPICES WEEKLY

KARVY
COMMODITIES BROKING

A weekly fundamental and technical report on spices

19 November 2011



Technical Recommendations

Commodity	Exchange	Recommendation
Pepper Dec	NCDEX	Trading Range 34040-35740
Jeera Dec	NCDEX	Buy above 13960 TP 14380 then 14630 SL 13560
TMC Dec	NCDEX	Sell at 4930-45 TP 4620 SL 5060
Chilli Dec	NCDEX	Sell at 73340-7380 TP 7043 SL 7520
Cardamom Dec	MCX	Trading Range 14780-13240



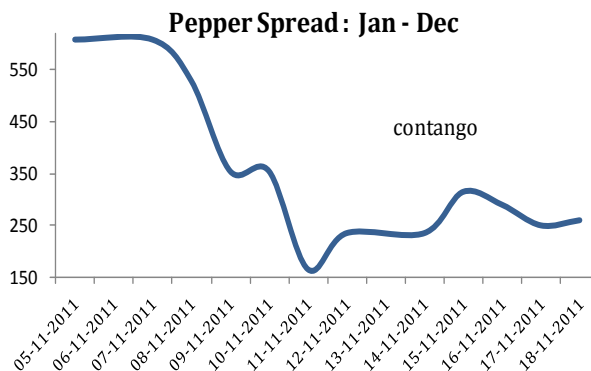
Pepper

Review

Pepper prices took decent corrections on fresh selling on previous gains during last week. Futures started the week on lower note talking corrections on previous week's recovery. Due to the November contract expiry prices witnessed huge volatility on heavy speculative activities Prices in other major producers like Vietnam and Indonesia also declined as most of the overseas buyers remained quite. However, weak rupee against dollar kept the Indian prices competitive in global pepper market. Nonetheless, overall trend remained weak and futures ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	34920	35155	34405	34725	-0.19	14363	-1.93	9754	17.08
Jan-12	35100	35395	34525	34925	-0.29	949	31.81	681	42.77
Feb-12	35125	36160	34420	35070	-0.72	115	17.35	103	9.57

Note: Prices are updated till 1:00 pm. On Saturday



Outlook

Pepper prices are expected to trade slightly lower on extended selling initially during the week. Due to prevailing volatility in Indian pepper prices export demand is also remaining very subdued. However, next week demand –supply projections for global pepper is expected to release by IPC which might support the prices later in the week.

Factors to watch out

- ❖ Average daily prices at spot market of Kochi remained very range bound during the week to ₹32,800 and ₹34,300 per quintal for Ungarbled and MG-1 grade respectively
- ❖ Despite of lower Indian quote in international market sluggish export activity is weighing on sentiments
- ❖ **International Pepper Community's (IPC) Meeting is expected to held in Indonesia during November 22nd to 26th, 2011 where projections of next year's pepper demand – supply scenario will be discussed**
- ❖ According to Govt. officials, pepper export in FY12 is targeted around 20,000 tons. During October-11 to March-12 Indian might export 9000-10000 tons pepper
- ❖ Stock positions at the NCDEX accredited warehouses were at 4962 tons as on November 09, 2011
- ❖ As per Spices Board data, international price of pepper in New York market declined marginally to \$8.05 per kg during the week ended November 11th, 2011 against \$5.40 per kg quoted in the same period last year



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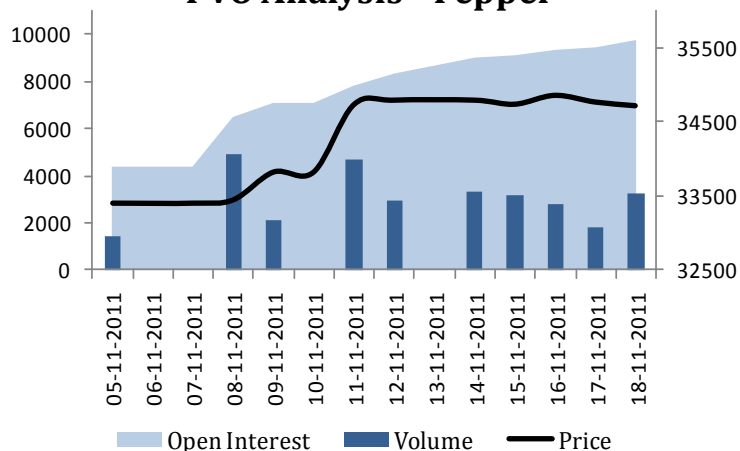
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Dec-11	33618	34012	34368	34725	35118	35512	35868
	Jan-12	33632	34078	34502	34925	35372	35818	36242
	Feb-12	32533	33477	34273	35070	36013	36957	37753

Derivative Analysis

The NCDEX Pepper December contract prices have declined while volumes and open interest have ended on negative note. 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.

PVO Analysis - Pepper



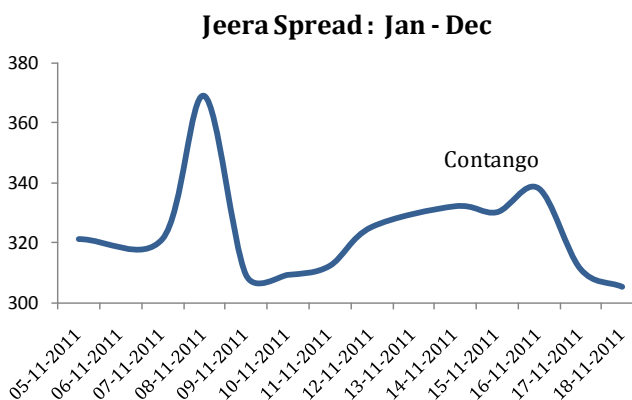


Jeera Review

Jeera prices traded very range bound to down side biased reduced demand during the week ended on Nov. 19th. Futures started the week on positive note taking recovery on previous huge losses. However, spot market activity remained down which weighed on prices. Sluggish export demand also added to the down side. However, futures took small recovery on short covering at lower levels. Therefore, futures ended the week on positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	13700	13973	13476	13714	0.66	27105	21.62	16185	0.26
Jan-12	13955	14280	13830	13999	0.36	8892	-1.17	11736	62.26
Feb-12	14200	14413	14110	14165	-0.18	378	293.75	219	356.25

Note: Prices are updated till 1:00 pm. On Saturday



Outlook

Jeera prices are projected to take smart recovery on lower level buying in coming. Further decline in arrivals at spot market of Unjha might support the prices. According to data released by Gujarat govt., as on Nov. 16th jeera acreage has declined by 12.1% to 34,300 hectares as compared to the same period last year. Therefore, declined acreage might also support the prices. However, poor export demand along with sufficient carry forward stocks might weigh on prices later in the week.

Factors to watch out

- ♣ Spot market of Unjha arrivals remained in the range of to 3000-5000 bags (1 bag= 60 Kg.)
- ♣ The production for the new crop for 2011-12 is estimated to be 30-35 lakh bags against 28-30 lakh bags(60 kg a bag)
- ♣ Carry forward stocks available in physical market are around 9 lakh bags.
- ♣ According to data released by Spices board, Jeera exports during April- September 2011 were declined by 15% to 16,000 tones against the same period last year
- ♣ NCDEX accredited warehouse stocks were at 11465 tons as on November 09, 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 November 11th 2011 however, remained higher against \$3.53 per kg in the same period last year



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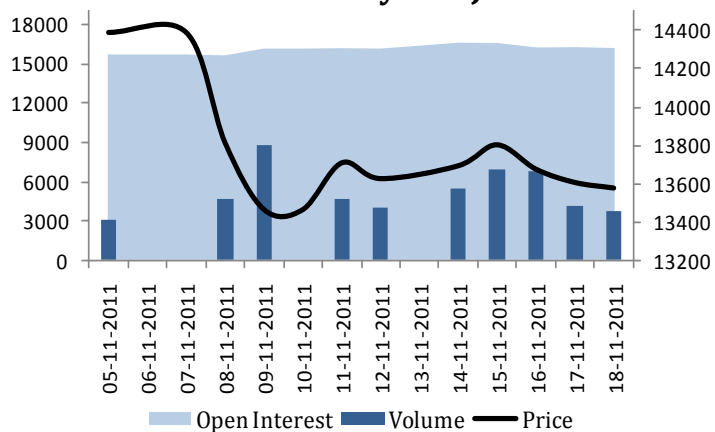
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Dec-11	12972	13224	13469	13714	13966	14218	14463
	Jan-12	13343	13586	13793	13999	14243	14486	14693
	Feb-12	13743	13926	14046	14165	14349	14532	14652

Derivative Analysis

The NCDEX jeera December contract prices, volumes and open interest have increased. It is a good indication that 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 climb in favor of a working long.

PVO Analysis - Jeera





Turmeric

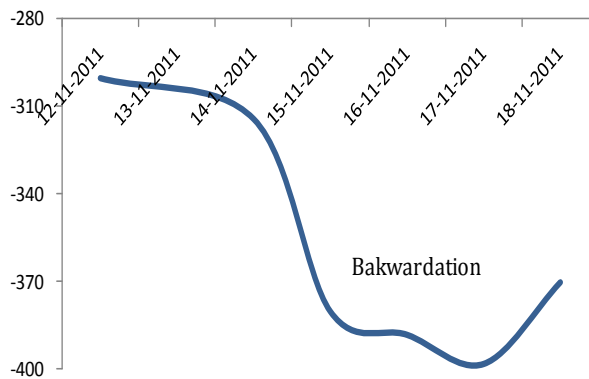
Review

The NCDEX turmeric extended the bearish trend during last week. Prices at futures started the week on negative note on continued losses. Increased arrivals from However, after opening market witnessed huge arrivals while demand remained subdued which pulled down the prices. Overall weak fundamentals of higher production estimates due to increase in acreage weighed on market sentiments. However, during closing session prices witnessed smart recovery on short covering and futures ended the week on positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	4732	4888	4572	4794	2.13	38980	82.88	15535	20.47
Apr-12	4438	4488	4260	4410	0.36	7970	142.99	3980	105.68

Note: Prices are updated till 1:00 pm. On Saturday

Turmeric Spread : Apr - Dec



Outlook

Turmeric prices are expected to open on slightly positive note on extended short covering. According to trade sources, demand in small amount from exporters of Punjab is coming to the market. However, this demand is likely to remain very short lived as overall trend is still weak. Higher production estimates along with huge carry forward stock are also expected to weigh on market sentiments in near term.

Factors to watch out

- ♣ As per trade sources, farmer might increase supply in coming days to release their old crop stocks
- ♣ Carry forward stocks are estimated around 13 lakh bags this year against 1 lakh bag last year
- ♣ 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
- ♣ NCDEX warehouse stocks of Turmeric as on November 09, 2011 were 5000 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 November 11th 2011 down against \$6.62 per kg quoted in the same period last year

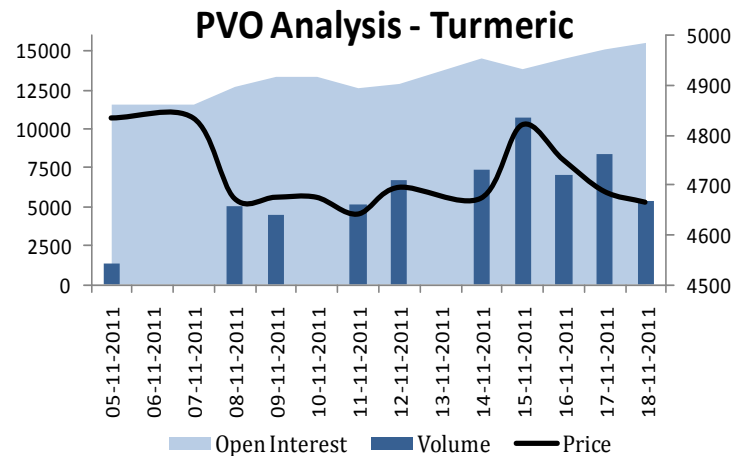


Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Dec-11	4212	4392	4528	4664	4844	5024	5160
	Apr-12	3979	4119	4207	4294	4435	4575	4663

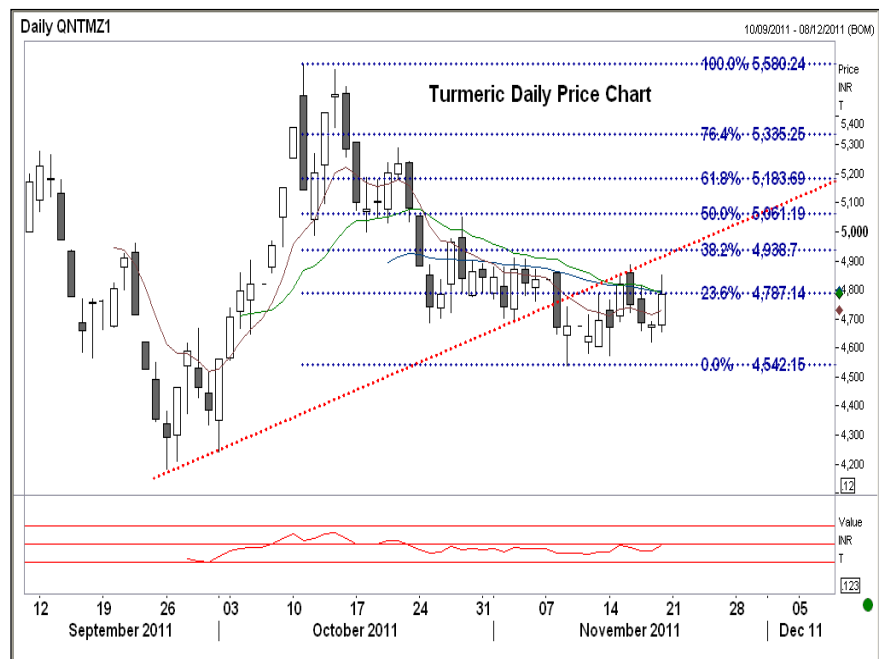
Derivative Analysis

The NCDEX Turmeric December contract prices and volumes have increased while open interest has declined. It is a good indication that 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 or continued volatility.



Technical

Turmeric futures have continuing short term bearish rally. The week has by making a high of 4888 then low of 4572 and settled at 4784 levels. Closing of long leg white candle stick is suggesting indecisive movement in futures in next session. In coming session before falling prices may rebound up to 4938 levels where Fibonacci retracement of 38.2% of previous fall and raising trend line resistances are coincidentally falling at same levels. On breach and sustained trade above is likely to test Fibonacci retracement level of 5060 which 50% of the range 5580-4542 levels. Previous



weekly candle low may act as an initial support (4620) then next support is seen at 4572 level which is origin point of the Fibonacci retracement. Momentum Indicator RSI-14 is supporting price to trade down side by trading at 0.480. overall expecting prices to trade down side in coming session recommended to sell at resistance levels.



Chilli

Review

The Chilli prices extended the bearish trend on poor domestic and export demand during last week. Futures started the week on lower note extending previous week's losses. Improved weather conditions in major growing regions of AP also pressurized the prices. Rising arrivals from Madhya Pradesh weighed on market sentiments. Overall trend remained very subdued and futures ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	7540	7540	7106	7170	-5.18	12260	210.77	4895	39.46
Feb-12	6488	6502	6052	6116	-	915	-	345	-

Note: Prices are updated till 1:00 pm. On Saturday

Outlook

Chilli prices are expected trade down on cues from rising arrivals at spot market. Poor demand at domestic as well as export front is likely to pull down the prices. Increased fresh arrivals from MP might also weigh on prices. Weather has also improved in Guntur regions which might support crop growth. However, lower level demand from local buyers might limit sharp losses.

Factors to watch out

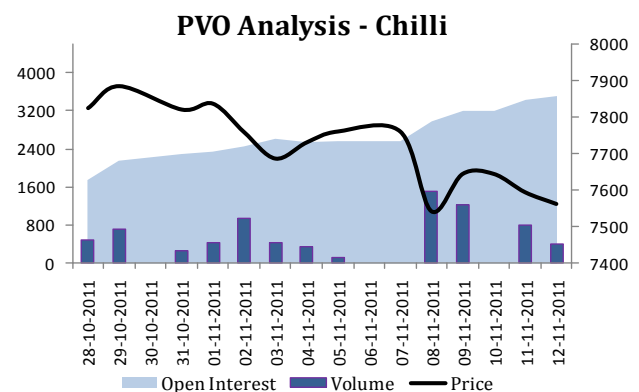
- ♣ Arrival in MP are hovering the range of 1,35,000 bags per week with 60,000 bags daily at Guntur market
- ♣ According to AP Govt. till November 16th chilli sowing for rabi season has been done in 0.25 Lakh Ha as compared 0.18 Lakh Ha previous year
- ♣ NCDEX warehouse stocks of Chilli as on November 09, 2011 were 1668 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 November 11th 2011 against \$2.54 per kg quoted in the same period last year

Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Dec-11	6570	6838	7004	7170	7438	7706	7872
	Feb-12	5495	5773	5945	6116	6395	6673	6845

Derivative Analysis

The NCDEX chilli December contract prices have declined 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.





Cardamom

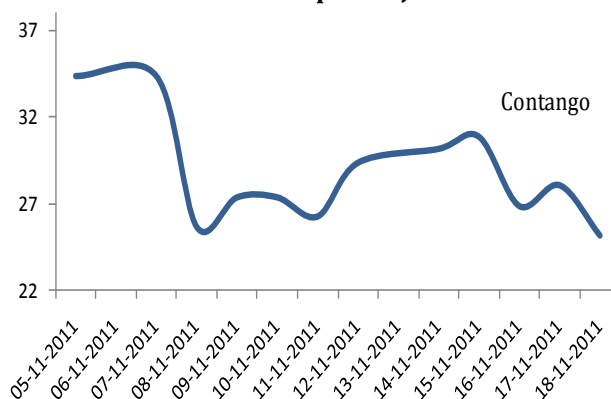
Review

The cardamom futures witnessed good volatility during last week. From starting of the week futures traded up on short covering on earlier losses. However, huge arrivals across the spot auctions along with reduced demand pulled down the prices. Overall trend also remained week amid higher production estimates for current year. Nonetheless, positive export figure released from spices board support the recovery and futures ended in green.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	653.3	678.7	639	654.1	0.94	21096	102.07	4256	36.41
Jan-12	685	704.5	667	679	0.24	6276	66.47	1849	8.26
Feb-12	766.2	767	680.9	700.1	-0.49	1899	-9.11	925	-8.05

Note: Prices are updated till 1:00 pm. On Saturday

Cardamom Spread : Jan - Dec



Outlook

Cardamom futures are projected to continue the recovery on lower level buying in coming week. According to the growers, favourable weather conditions might support the harvesting and supply through out the year. This might limit sharp gains during the week. However, good demand from exporters is likely to support the prices at lower levels.

According to the traders, Despite of good demand higher supply is keeping the prices under pressure at the spot front.

Factors to watch out

- ❖ Daily average arrivals at auctions increased to record high level to 40-80 tons during this week; while average auction prices declined to Rs.496-556 per Kg.
- ❖ According to Spices board of India, total arrivals during the current season till Nov. 6th were up by 104% to 6,015 tons against 2,950 tons in the same period last year
- ❖ According to data released by Spices board, cardamom exports during Apr-Sep, 2011 were up by 445% to 1825 tons against same period in lat year
- ❖ MCX warehouse stocks of Cardamom as on November 18, 2011 were 28.1 tons



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- As per Spices Board data, international price of Cardamom in Saudi Arabia market declined to \$16.40 per kg during the week ended November 04th 2011; it was lower than \$22.20 per kg quoted in the same period last year

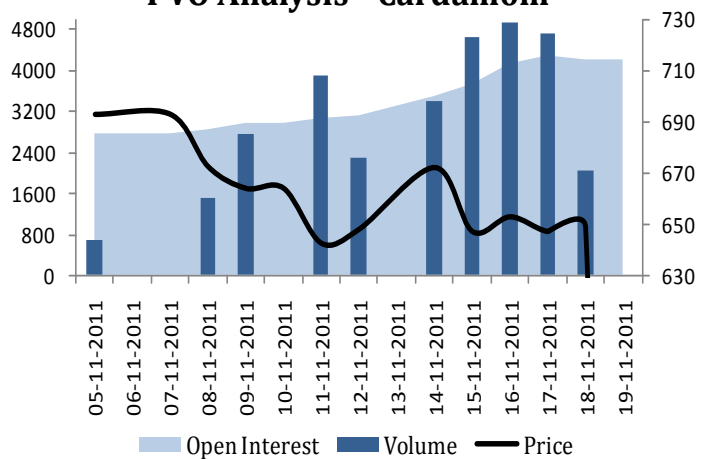
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
	Dec-11	596	618	636	654	676	697	715
NCDEX	Jan-12	625	646	663	679	700	721	738
	Feb-12	579	630	665	700	751	802	837

Derivative Analysis

The MCX cardamom December contract prices, volumes and open interest have increased. It is a good indication that 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 climb in favor of a working long.

PVO Analysis - Cardamom





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