



SPICES WEEKLY

KARVY
COMMODITIES BROKING

A weekly fundamental and technical report on spices

26 November 2011



Technical Recommendations

Commodity	Exchange	Contract	Recommendation
Pepper	NCDEX	Dec-11	Buy at 34750-34800 TP 35370 then 35887 SL 34145
Jeera	NCDEX	Dec-11	Buy at 13850-900 TP 14560 SL 13450
TMC	NCDEX	Dec-11	Sell at 4763-70 TP 4537 SL 4870
Chilli	NCDEX	Dec-11	Trading Range 6875-7297
Cardamom	MCX	Dec-11	Trading Range 589-650
Dhaniya	NCDEX	Dec-11	Trading Range 3827-4184



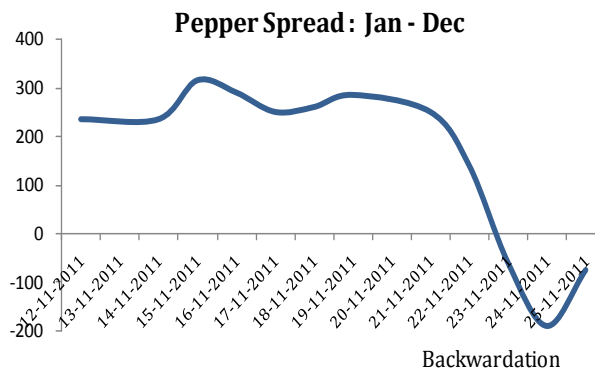
Pepper

Review

Pepper prices traded very volatile top positive side biased during last week. Futures started the week on lower note o continued corrections. International Pepper Community's (IPC) Meeting held in Indonesia during November 22nd to 26th, 2011. Uncertainty regarding production outlook created huge volatility in prices. However, later on prices resumed uptrend on reports of lower production projections given by IPC. Weaker rupee against dollar also kept Indian prices competitive in global pepper market. Therefore, on emergence of export inquires from overseas buyers futures traded up and ended the week on positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	34770	35370	34145	34890	0.39	19165	19.61	9556	-4.14
Jan-12	34900	35475	34205	34790	-0.71	3779	228.61	1235	65.33
Feb-12	35110	35800	34350	34740	-0.74	461	211.49	214	92.79

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



Outlook

Pepper prices are expected to trade slightly higher, factor along with recent fall in prices made Indian prices competitive in global pepper market. Thus, export demand is coming towards India which might add to the upside. Actual figures from IPC for production in 2012 are yet to come which might create slight volatility initially in the week. However, overall expectations are for lower production only which might support the process in near term.

Factors to watch out

- Average daily prices at spot market of Kochi marginally during the week to ₹33,100 and ₹34,600 per quintal for Ungarbled and MG-1 grade respectively
- As per data released by Spices board, pepper export during April- Sep.-2011 was reported up by 22% to 11250 tonnes against the same period last year
- 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 4799 tons as on November 24, 2011
- As per Spices Board data, international price of pepper in New York market declined marginally to \$7.94 per kg during the week ended November 18th, 2011 against \$5.51 per kg quoted in the same period last year



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Pivot Point

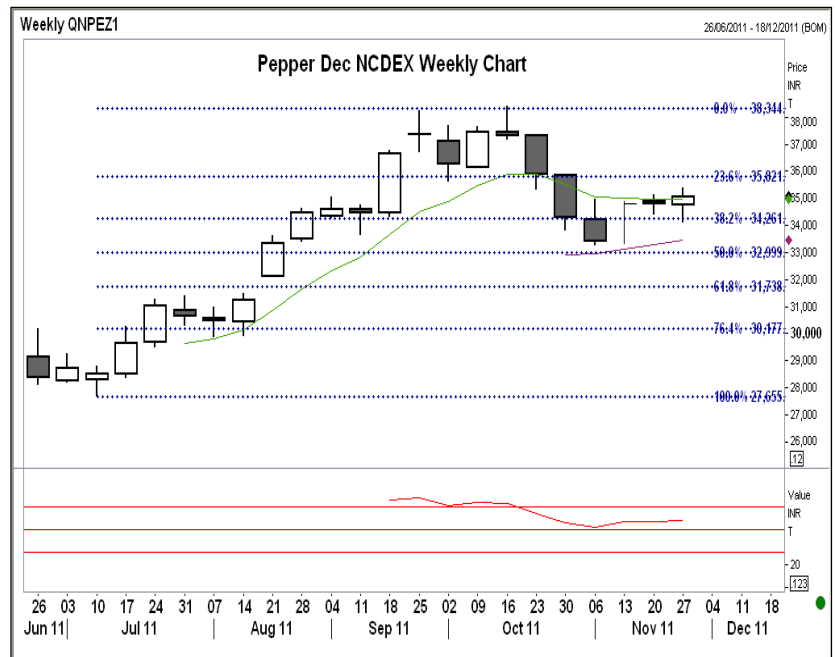
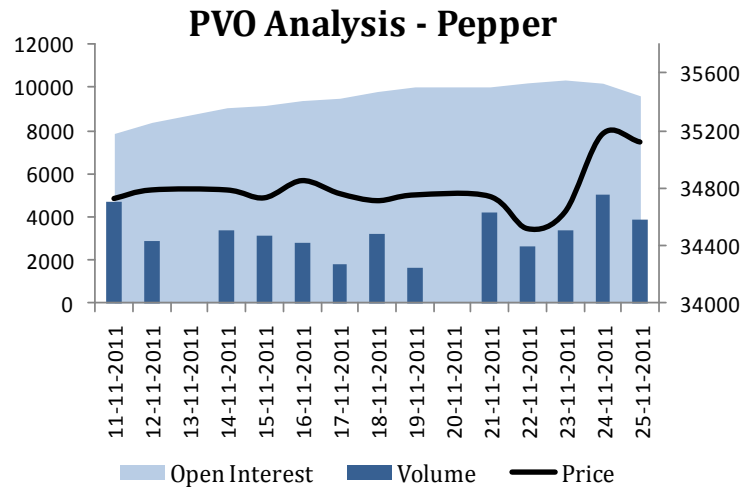
Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Dec-11	33008	33577	34233	34890	35458	36027	36683
	Jan-12	32902	33553	34172	34790	35442	36093	36712
	Feb-12	32677	33513	34127	34740	35577	36413	37027

Derivative Analysis

The NCDEX Pepper 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.

Technical

Futures are witnessing turn to higher side after retracing up to 50% of the previous bull rally. The week has gone by closing above the short term weekly 8 EMA which is indicating higher side momentum in coming session. Principle of Fibonacci retracement states that prices are witnessing support at 34145 levels which is 38.2% of the range 38348-27742 levels. Above prices chart last week price have rebound almost from same support levels. Incase if prices breach and sustained below is likely to test weekly 21EMA (33560) level then it may test recent low of 33280. Previous candle high itself may act as an initial resistance (35370). Next resistance is seen at 35887 levels which



Fibonacci retracement of 23.6% of the above mentioned range. On breach and sustained trade above is to test life time high of the futures. Principle of the Pivot analysis is suggesting support at 34226 and resistance at 35451 level and pivot point at 34798 levels. Momentum Indicator RSI-14 is trading at 0.57 is giving scope to trade higher side. Going above technical analysis expecting prices to trade higher side recommended buying at support levels.



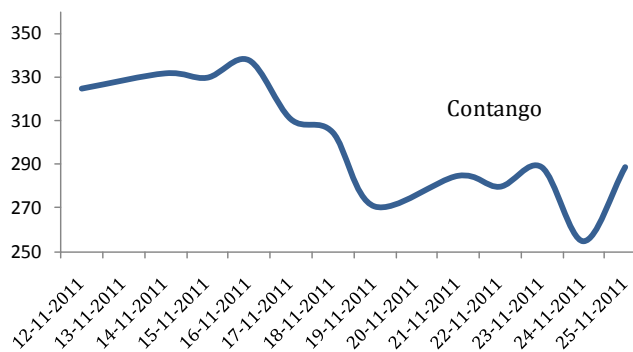
Jeera Review

Jeera prices continued the positive trend on short covering during the week ended on Nov. 26th. Futures started the week on positive note extending previous week's gains. However, spot market activity remained down side biased which weighed on prices. Sluggish export demand also added to the down side. However, later in the week arrivals declined across the major spot market in Gujarat which supported the prices to recovery. Therefore, futures took smart recovery on short covering at lower levels and ended the week on positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	13743	14198	13487	14071	2.68	28566	-4.38	13203	-13.87
Jan-12	14025	14493	13772	14361	2.76	9162	-11.43	13866	11.05
Feb-12	14200	14475	14000	14378	1.50	657	57.55	453	93.59

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

Jeera Spread : Jan - Dec



Outlook

Jeera prices are projected to continue the recovery on short covering initially in coming week. Further declined 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 39,000 hectares during the same period last year. However, export demand is remaining sluggish and stocks available at spot market are also sufficient enough which might pull down the prices later in the week.

Factors to watch out

- ♣ Spot market of Unjha arrivals declined to 3000-3500 bags (1 bag= 60 Kg.)
- ♣ Data released from Gujarat Agriculture Department showed that area under Rabi crops in the State increased by 19.2 hectares Y/Y to 1.01 million hectares
- ♣ 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
- ♣ NCDEX accredited warehouse stocks were at 10278 tons as on November 24, 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 18th 2011 however, remained higher against \$3.53 per kg in the same period last year



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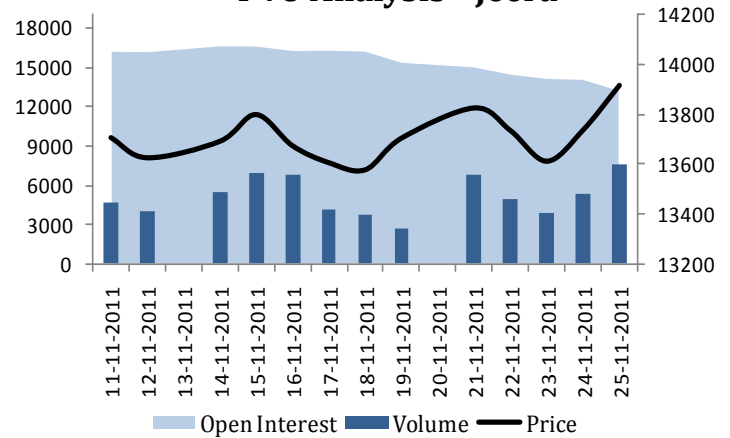
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Dec-11	12928	13208	13639	14071	14350	14630	15061
	Jan-12	13203	13488	13924	14361	14645	14930	15366
	Feb-12	13619	13809	14094	14378	14569	14759	15044

Derivative Analysis

The NCDEX jeera December contract prices have increased while volumes and open interest have declined. It is a good indication that Market is running out of traders willing to open or hold an open long/buy. Traders are liquidating both losing short positions & closing winning long positions. A higher probability the market is set to retrace in price lower.

PVO Analysis - Jeera



Technical





Turmeric

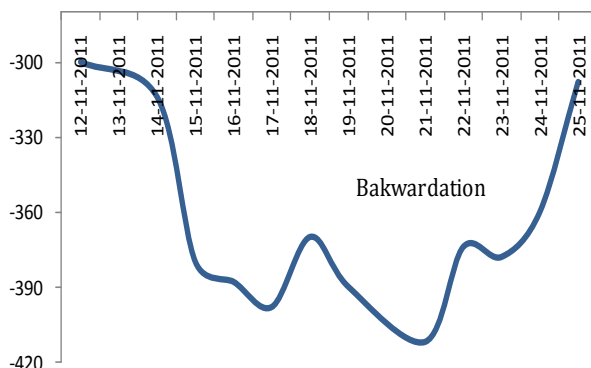
Review

The NCDEX turmeric witnessed very choppy trade on lack of active participation during last week. Prices at futures started the week on slightly positive note on extended recovery. However, short lived demand from exporters created heavy arrivals across the spot markets which pulled down the prices. Though prices showed small recovery the very next day but overall trend remained down only. Overall weak fundamentals of higher production estimates due to increase in acreage weighed on market sentiments and futures ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	4818	4946	4660	4692	-2.33	28895	-34.40	14860	-2.97
Apr-12	4432	4498	4350	4418	0.09	8020	-16.28	5190	22.41

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 short covering on previous week's losses. However, later on prices might resume down trend on selling at higher levels. According to trade sources, farmers are quoting lower prices in want of demand still traders are not interested in buying. 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 24, 2011 were 4819 tons
- ♣ As per Spices Board data, international price of Turmeric in New York market remained declined to \$5.62 per kg during the week ended November 18th 2011 same against \$5.62 per kg quoted in the same period last year



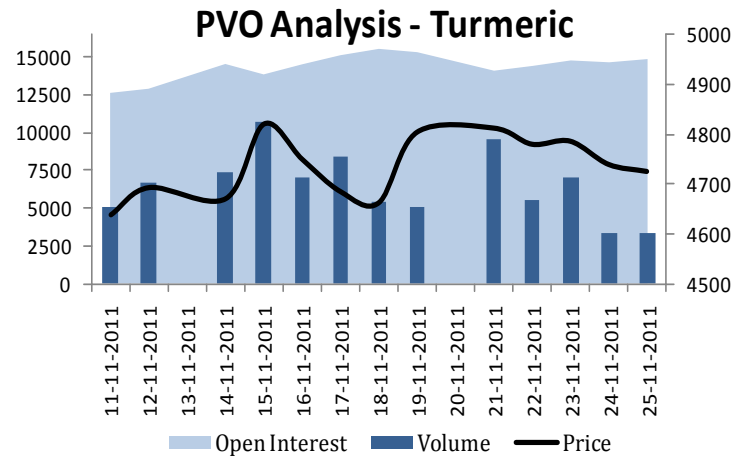
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Pivot Point

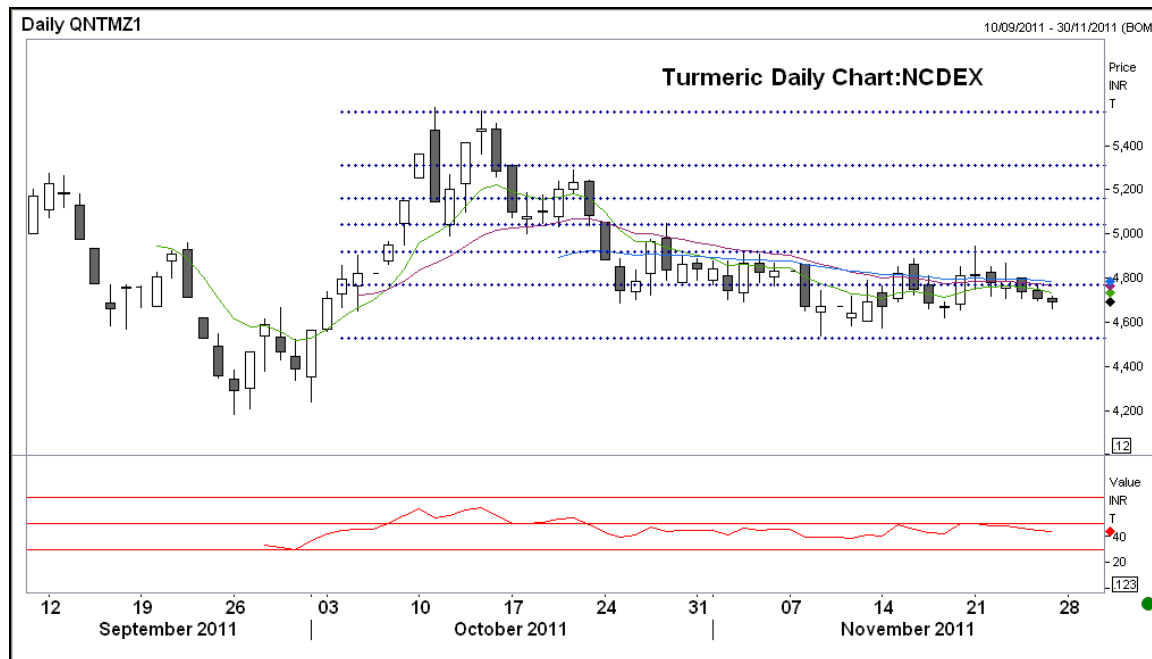
Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Dec-11	4300	4480	4586	4692	4872	5052	5158
	Apr-12	4198	4274	4346	4418	4494	4570	4642

Derivative Analysis

The NCDEX Turmeric December contract prices, open interest and volumes have increased. It is a good indication that the price decline is being caused by disgruntled long position holders being forced to liquidate their positions.



Technical





Chilli

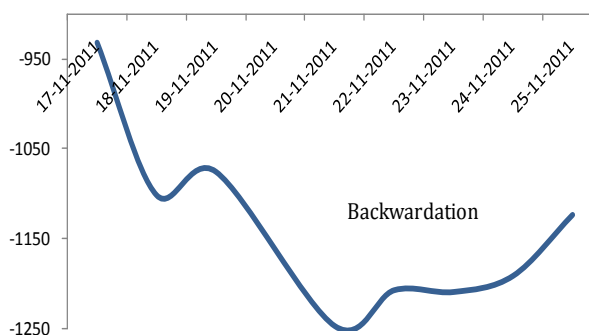
Review

The Chilli prices remained range bound on mixed sentiments during last week. Futures started the week on positive note taking recovery on previous week's losses. Rising Rabi chili crop acreage 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	7120	7354	7048	7070	-1.61	6870	-46.72	5015	2.45
Feb-12	6090	6128	5904	5990	-1.96	1645	53.74	925	117.65

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

Chilli spread : Feb - Dec



Outlook

Chilli prices are expected continue the down trend on poor demand in coming week. Higher fresh arrivals from MP are likely to keep prices under pressure. According to trade sources, arrivals this year in MP are 50-60% higher as compared to same period last year. Weather has also improved in Guntur regions which might support kharif crop growth. However, short covering at lower levels can not be over ruled.

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 23th chilli sowing for rabi season has been done in 0.29 Lakh Ha as compared 0.24 Lakh Ha previous year
- ✦ Due to increase in acreage traders are expecting higher production in next season
- ✦ According to Spices Board data, chilli exports during April- Sep, 2010-11 were down by 35% as compared to the same period last year
- ✦ NCDEX warehouse stocks of Chilli as on November 24, 2011 were 1703 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 18th 2011 against \$2.54 per kg quoted in the same period last year



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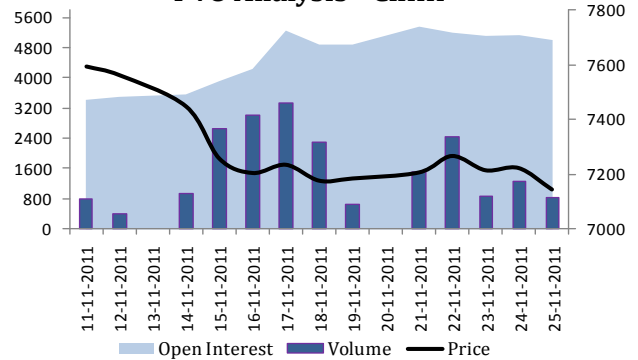
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Dec-11	6655	6851	6961	7070	7267	7463	7573
	Feb-12	5663	5783	5887	5990	6111	6231	6335

Derivative Analysis

The NCDEX chilli December contract prices and volumes have declined 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 - Chilli



Technical





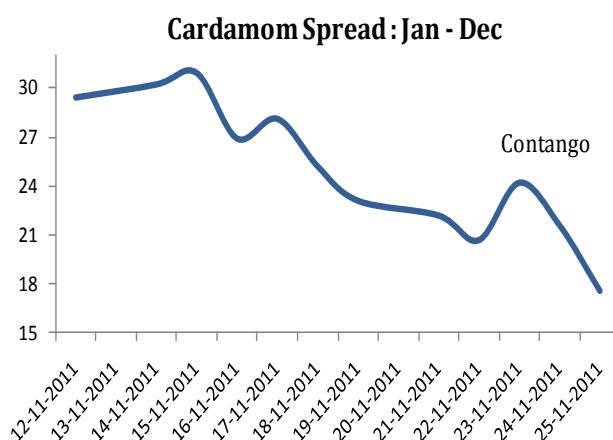
Cardamom

Review

The cardamom futures reversed the trend on profit booking at higher levels during last week. From starting of the week futures traded up on extended recovery. However, later on huge arrivals across the spot auctions pulled down the prices. Overall trend also remained week amid higher production estimates for current year. Though demand remained good but supply pressure kept the prices down and futures ended the week in red.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	659	659	596.1	597.8	-8.91	14979	-30.04	4464	5.91
Jan-12	678.2	681.8	613	614	-9.63	5676	-10.64	2366	26.52
Feb-12	766.2	767	680.9	700.1	-10.03	1899	-2.36	925	6.76

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



Outlook

Cardamom futures are projected to continue the losses in selling pressure in coming week. According to the growers, favourable weather conditions might support the harvesting and supply through out the year. This might keep prices under pressure. However, good demand from exporters is likely to cushion prices at lower levels.

Factors to watch out

- ❖ Daily average arrivals at auctions increased to record high level to 70-100 tons during this week; while average auction prices declined to Rs.470-525 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 24, 2011 were 28.7 tons
- ❖ As per Spices Board data, international price of Cardamom in Saudi Arabia market declined to \$15.73 per kg during the week ended November 18th 2011; it was lower than \$26.21 per kg quoted in the same period last year



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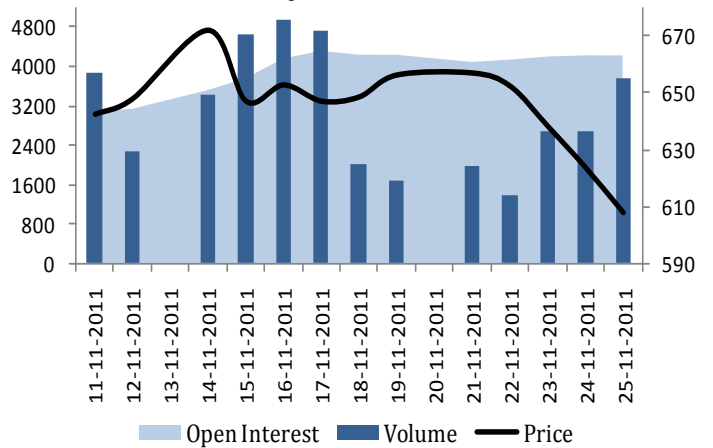
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Dec-11	513	555	576	598	639	681	702
	Jan-12	522	567	591	614	660	705	728
	Feb-12	579	630	665	700	751	802	837

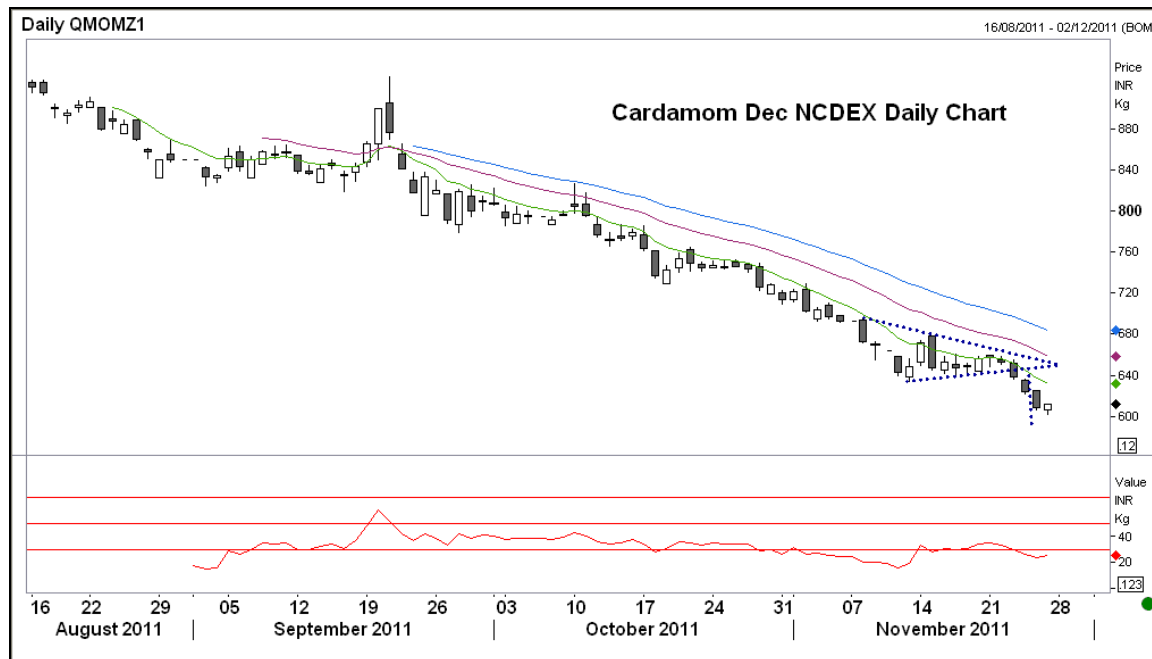
Derivative Analysis

The MCX cardamom December contract prices, open interest and volumes have increased. It is a good indication that the price decline is being caused by disgruntled long position holders being forced to liquidate their positions.

PVO Analysis - Cardamom



Technical





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