



# SPICES WEEKLY

**KARVY**  
COMMODITIES BROKING

A weekly fundamental and technical report on spices

19 December 2011



## Technical Recommendations

Commodity	Exchange	Contract	Recommendation
Pepper	NCDEX	Jan-11	Buy at 35120-35220 TP 35890 then 36538 SL 36600
Jeera	NCDEX	Jan-11	Buy at 14000 TP 14700 SL 13530
TMC	NCDEX	Apr-11	Trading range : 4050-4473
Chilli	NCDEX	Feb-11	Buy at 6230-6250 TP 6475/6508 SL 6110
Cardamom	MCX	Jan-11	Trading range : 560-640
Dhaniya	NCDEX	Jan-11	Buy at 3795-3820 TP 4052 SL 3680



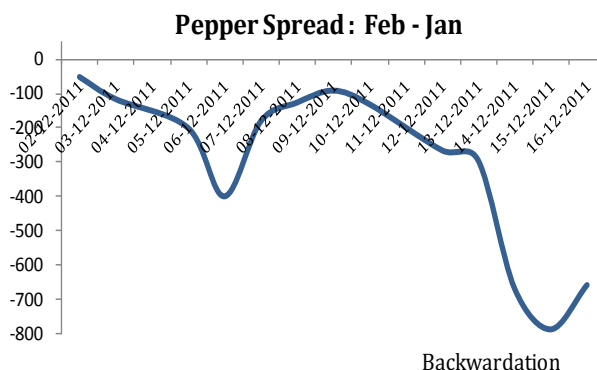
## Pepper

### Review

Pepper prices traded very volatile on heavy speculative activities during last week. Futures started the week on positive note on continued recovery from previous week. Limited supply across Kerala due to prevailing transportations problem supported the prices to trade higher. Week rupee against dollar also kept Indian export quotes lower in global pepper market and futures ended the week on positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	34800	35990	34660	35490	2.10	8532	61.93	4590	65.05
Feb-12	34500	35330	34315	34830	0.58	605	32.68	635	60.35
Mar-12	34500	35050	34250	34725	0.30	247	28.65	242	22.84

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



### Outlook

Pepper prices are expected extend the positive trend continuing the previous recovery. Positive domestic market trend amid stable demand is likely to support the prices initially. Prevailing supply crunch till the fresh crop arrival starts is likely to support the uptrend. According to trade sources, overseas buyers are likely to remain quite as they are likely to go for Christmas and New Year holidays by the end of the week. Therefore, activity at export front is likely to remain sluggish limiting sharp gains.

### Factors to watch out

- Average daily prices at spot market of Kochi made new all time high during the week to ₹34,600 and ₹36,000 per quintal for Ungarbled and MG-1 grade respectively
- IPC estimates for Indian production in 2012 are around 43,000 tons down by 10% Y/Y
- Indian prices in international market are quoted around \$7000-7200 per MT for Europe and \$7300 per MT US FOB, which is much lower than other countries quotes
- IPC estimates for world pepper production in 2012 are up by 7% Y/Y with higher production projected in Vietnam
- According to Spices board, pepper export during Apr- Oct, 2011 was reported up by 33% to 13,750 tons against the same period last year
- Stock positions at the NCDEX accredited warehouses were at 4619 tons as on December 016, 2011
- As per Spices Board data, international price of pepper in New York market remained unchanged to \$7.94 per kg during the week ended December 9<sup>th</sup>, 2011 against \$5.51 per kg quoted in the same period last year



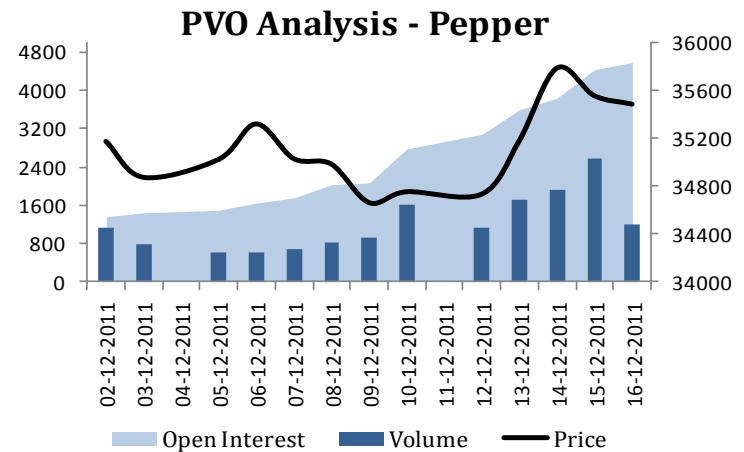
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## Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Jan-12	33440	34050	34770	35490	36100	36710	37430
	Feb-12	33305	33810	34320	34830	35335	35840	36350
	Mar-12	33500	33875	34300	34725	35100	35475	35900

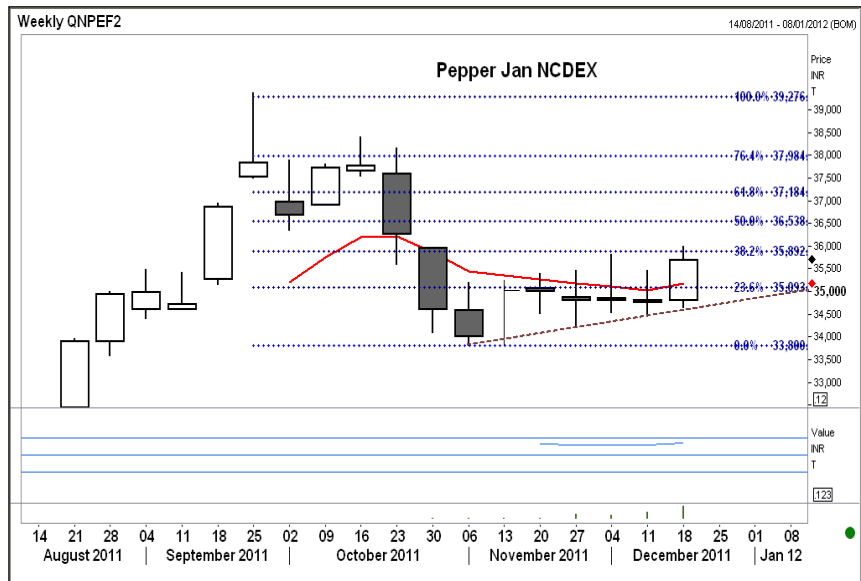
## Derivative Analysis

The NCDEX Pepper January contract prices, open interest and volumes 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.



## Technical

The week has gone by making low of 34660 then high of 35990 and settled at 35700. prices have consolidated in the range of 34240-3600 for more than 5 week but last week prices have broken this consolidation phase and closed above the short term moving average. This is showing strength in buyers and at the same time suggesting higher side momentum in pepper prices. Prices are witnessing immediate support at 35120 levels where short term moving average and Fibonacci retracement of 23.6 percent is lies at same levels. on beach and sustained trade below is likely to test 34680 level which is previous candle low and also this level is matching with rising trend line support level which is drawn by connecting 33840-34205-34500. Incase on beak below may lead prices to test origin point of the Fibonacci retracement level. Higher side resistance are seen at 35892 level and 36538 level which is fibonacci retracement levels of 38.2% and 50.% of the range 39276-33800. Momentum indicator RSI-14 is trading at 0.651 is giving limited scope to trade higher side in coming session. overall expecting prices to trade limited higher side and recommended to buy at support levels.





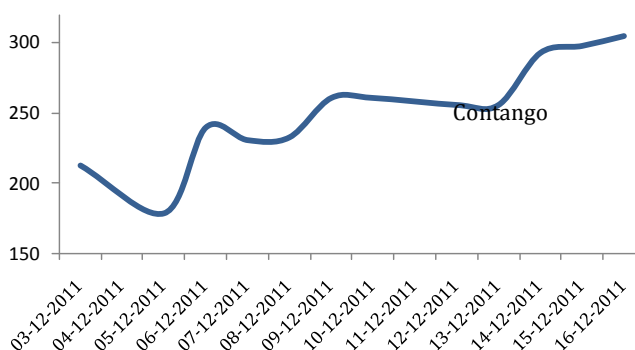
## Jeera Review

Jeera prices witnessed huge recovery on lower level buying during the week ended on Dec, 17. Futures started the week on lower note on profit booking at previous gains. However, sudden decline in arrivals across the spot markets supported the prices to trade up. However, higher production estimates limited the gains. Nonetheless, reports of good demand for machine cut jeera along with news of Syrian unrest also added to the upside. However, prices took decent corrections later on but over all positive trend remained intact and futures ended the week on positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	13864	14500	13590	14057	0.77	38988	78.37	15318	-13.88
Feb-12	14195	14805	13860	14362	1.06	11124	266.40	7164	183.27
Mar-12	14200	14980	14125	14656	1.41	1161	2664.29	696	2477.78

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

Jeera Spread : Feb - Jan



## Outlook

Jeera prices are projected to open on positive note on continued gains. Further decline in arrivals and improved exports might also add to the upside. However, later on prices might reverse the trend on fresh selling on previous recovery. According to statement given by Unjha APMC head, jeera acreage has increased this year due to good prices realization during fresh crop arrivals lat year. Therefore higher production expectations are likely to pull down the prices.

## Factors to watch out

- ♣ Spot market of Unjha arrivals declined to 2000-3000 bags (1 bag= 60 Kg.)
- ♣ According to APMC Unjha, year to September Indian jeera output around 2.05 lakh tones
- ♣ Data released from Gujarat Agriculture Department, jeera acreage around 192,600 hectares so far up by 20% Y/Y
- ♣ 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 10 lakh bags against 8 lakh bags last year
- ♣ NCDEX accredited warehouse stocks were at 9048 tons as on December 16, 2011
- ♣ As per Spices Board data, international price of jeera in New York market remained steady at \$4.01 per kg during the week ended December 9<sup>th</sup> 2011 however, remained higher against \$3.64 per kg in the same period last year



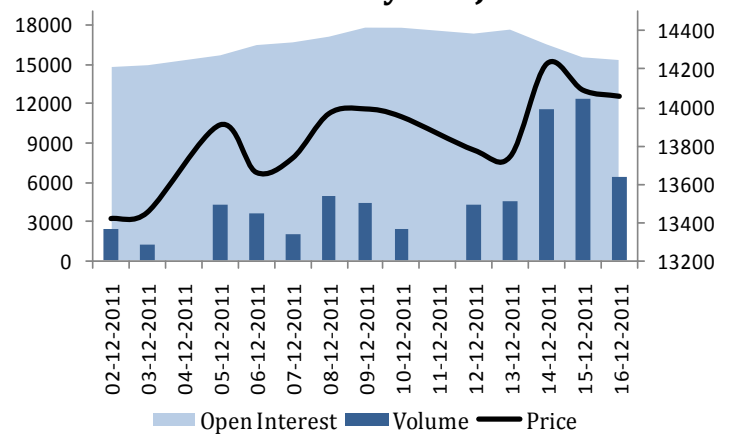
### Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Jan-12	12688	13139	13598	14057	14508	14959	15418
	Feb-12	12935	13397	13880	14362	14825	15287	15770
	Mar-12	13339	13732	14194	14656	15049	15442	15904

### Derivative Analysis

The NCDEX jeera January 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

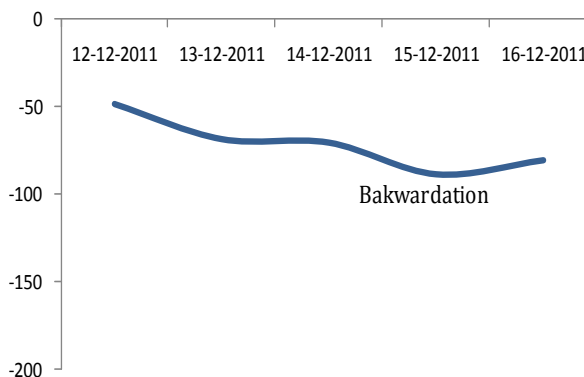
### Review

The NCDEX turmeric resumed bearish trend on poor demand during last week. Prices at futures started the week on slightly positive note on continued recovery. However, short lived recovery created fresh buying in market which pulled down the prices drastically. Higher arrivals across the spot market as farmers are dumping their old stocks are market added to the down trend. 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
Apr-12	4430	4500	4312	4346	-1.32	12940	6.81	8875	7.84
May-12	4366	4410	4266	4266	-2.29	1905	141.14	1515	144.35

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

Turmeric Spread : May - Apr



### Outlook

Turmeric prices are expected to open on slightly positive note on short covering on previous huge losses. However, later on prices might reverse the trend on poor demand from stockist side. Huge supply to the market as farmers want money for intercultural operations and harvesting is likely to pressurize the prices. Traders are also not buying in bulk as they know next year bumper crop is going to hit the market which might also weigh on sentiments.

### Factors to watch out

- ♣ As per trade sources, farmer have increased supply to 10000-12000 bags daily against 3000-4000 bags reported in same period last year
- ♣ Carry forwards stocks at physical market is around 12-13 lakh bags and production is estimated more than 80 lakh bags
- ♣ According to AP Govt., acreage under turmeric in current season remained 0.68 Lakh Ha as compared 0.69 Lakh Ha previous year
- ♣ NCDEX warehouse stocks of Turmeric as on December 16, 2011 were 4517 tons
- ♣ As per Spices Board data, international price of Turmeric in New York market remained unchanged to \$5.62 per kg during the week ended December 9<sup>th</sup> 2011 lower from \$5.73 per kg quoted in the same period last year



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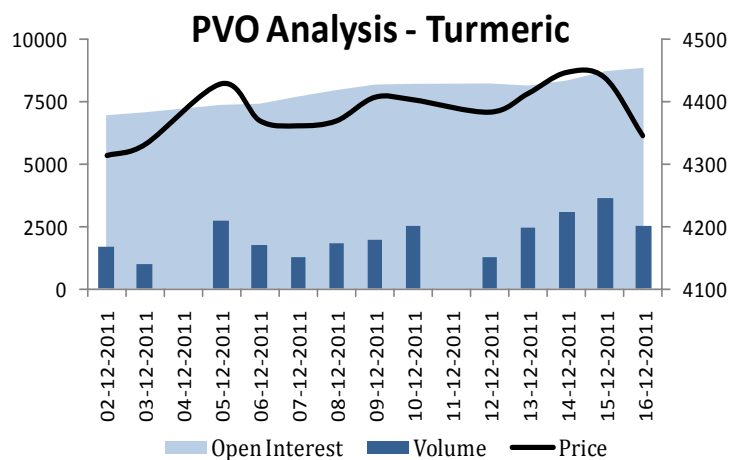
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## Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Apr-12	4084	4198	4272	4346	4460	4574	4648
	May-12	4074	4170	4218	4266	4362	4458	4506

## Derivative Analysis

The NCDEX Turmeric April 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.



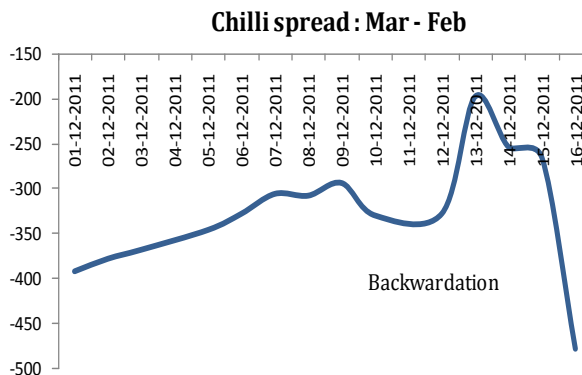


## Chilli Review

The Chilli prices traded very volatile to bullish on fresh buying during last week. From starting of the week futures traded down on profit booking on last week's gains. However, slow down in arrivals from MP supported the prices to resume the uptrend. However, increased acreage in AP limited the gains during the week. Nonetheless, reports of export demand from Pakistan and Bangladesh cushioned the prices from sharp losses and futures ended the week on marginally positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	5900	6386	5764	6360	8.35	3270	110.29	2435	23.60
Mar-12	5928	6086	5742	5780	-1.73	1390	4.12	1400	71.78

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



## Outlook

Chilli prices are expected open on positive note on fresh buying in coming week. However, declining arrivals at spot market of Guntur and MP might support the prices to trade up. However medium term trend might be weak as fresh crop arrivals of kharif crop is expected to hit the markets in next fort night which might limit any steep upside.

## Factors to watch out

- ❖ Arrivals at Guntur chilli market decline to 20,000 bags against 45,000-60,000 bags in previous week
- ❖ Andhra Rabi chilli area is reported around 0.43 lakh ha as on 14<sup>th</sup> December against 0.40 lakh ha year ago
- ❖ According to Spices Board data, chilli exports during April-October, 2010-11 were down by 26% as compared to the same period last year
- ❖ NCDEX warehouse stocks of Chilli as on December 16, 2011 were 823 tons
- ❖ As per Spices Board data, international price of chilli in New York market declined to \$3.53 per kg during the week ended December 9<sup>th</sup> 2011 against \$2.54 per kg quoted in the same period last year



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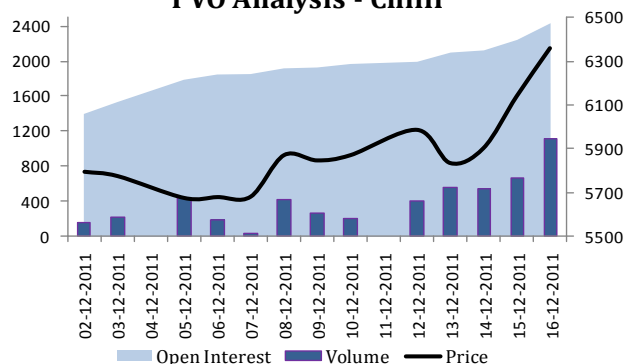
## Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Feb-12	5332	5548	5954	6360	6576	6792	7198
	Mar-12	5309	5525	5653	5780	5997	6213	6341

## Derivative Analysis

The NCDEX chilli February 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 - Chilli





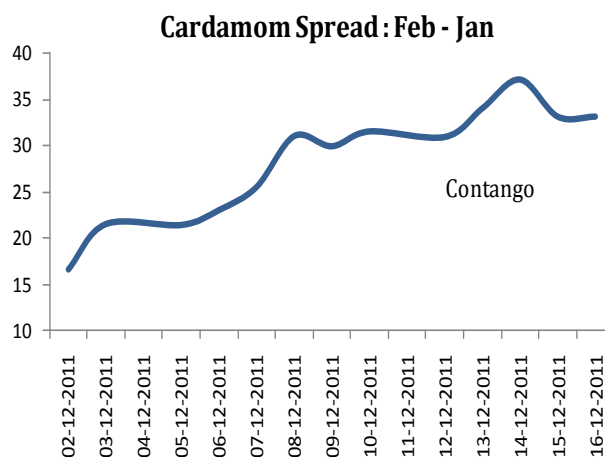
## Cardamom

### Review

The cardamom futures witnessed very choppy trade during the week ended on Dec. 17<sup>th</sup>. From starting of the week futures traded up on continued recovery. However, report of unrest between Tamil Nadu and Kerala created transportation problem; which affected the spot auctions. Therefore, lack of active spot market activity prices resumed down and ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	608.8	617	592.1	600.9	-0.64	15200	33.24	4181	5.79
Feb-12	643.8	652.5	632.5	634.1	-0.36	3202	-4.76	1613	7.18
Mar-12	686.1	702	661.2	665.8	-100.00	3131	-100.00	1480	-100.00

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



### Outlook

Cardamom futures are projected to continue the down trend on subdued spot market activity. According to trade sources, spot auction activity is likely to hamper due to unrest between Kerala and Tamil Nadu; as it is creating transportations problem of cardamom. However, good export demand might cushion prices from sharp losses.

### Factors to watch out

- ❖ Daily auction activity remained hampered due to unrest in Kerala and Tamil Nadu
- ❖ According to Spices board of India, total arrivals during the current season up to November were up by 105% to 8,095 tons against 3,940 tons in the same period last year
- ❖ According to data released by Spices board, cardamom exports during Apr-Oct, 2011 were up by 240% to 2300 tons against same period in lat year
- ❖ MCX warehouse stocks of Cardamom as on December 16, 2011 were 21.2 tons
- ❖ As per Spices Board data, international price of Cardamom in Saudi Arabia market improved a bit to \$16.85 per kg during the week ended December 9<sup>th</sup> 2011; however, it was lower than \$27.99 per kg quoted in the same period last year

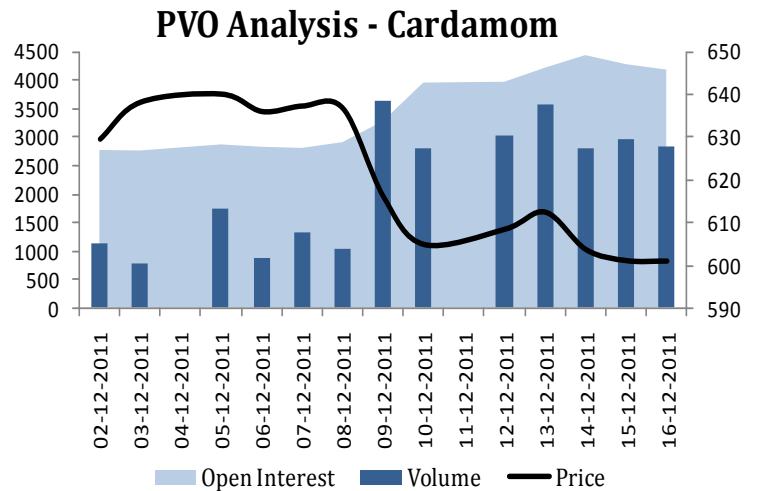


## Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Jan-12	565	578	590	601	615	628	639
	Feb-12	607	620	627	634	647	660	667
	Mar-12	610	636	651	666	691	717	732

## Derivative Analysis

The MCX cardamom January 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.



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