



# SPICES WEEKLY

**KARVY**  
COMMODITIES BROKING

A weekly fundamental and technical report on spices

24 December 2011



## Technical Recommendations

Commodity	Exchange	Contract	Recommendation
Pepper	NCDEX	Jan-11	Trading Range 32400-35000
Jeera	NCDEX	Jan-11	Buy at 14810/14860 TP 15480/15780 SL 14530
TMC	NCDEX	Apr-11	Trading range 4435-4780
Chilli	NCDEX	Feb-11	Sell at 6380-6430 TP 6198/6116 SL 6595
Cardamom	MCX	Jan-11	Buy at 585-590 TP 647 SL 556
Dhaniya	NCDEX	Jan-11	Trading Range 4030-3680



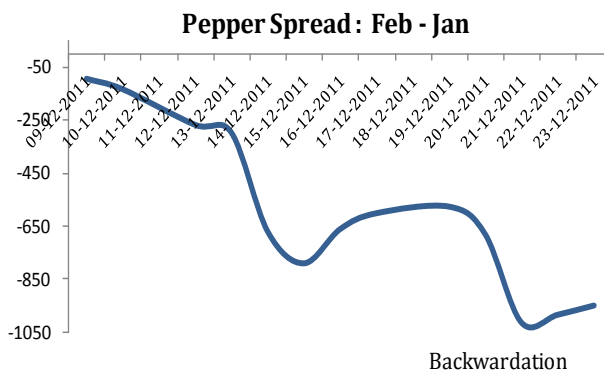
## Pepper

### Review

Pepper prices traded very range bound during last week. However, later on prices reversed the trend on bearish side. Futures started the week on slightly positive note on continued recovery from previous week. Limited supply across Kerala due to prevailing transportations problem supported the prices to trade higher. However, subdued activity at export front amid holidays for Christmas festival pressurized the prices drastically. Therefore, on cues from sluggish physical activity futures also traded down and ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	35725	36620	33520	33520	-5.90	20379	95.41	7163	56.06
Feb-12	35200	35760	32610	32610	-6.88	2225	183.80	1060	62.83
Mar-12	34900	34985	32015	32030	-7.29	583	94.33	401	57.25

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



### Outlook

Pepper prices are expected extend the corrections on poor activity at export front in coming week. Overseas markets are likely to remain closed for Christmas and New Year holidays which might pressurize the prices further. However, at domestic front trend is still positive amid tight supply across Kerala amid prevailing transportation problem. According to report, Free trade zones in abroad are also pulling the prices down. Therefore, overall trend is likely to remain very volatile in coming on heavy speculative activities at futures front.

### Factors to watch out

- ❖ Average daily prices at spot market of Kochi fell drastically during the week to ₹33,800 and ₹35,300 per quintal for Ungarbled and MG-1 grade respectively
- ❖ According to trade source, harvesting has been started in some part of Kerala and Karnataka
- ❖ However, full fledged arrivals might start January onwards
- ❖ 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 \$7400 per MT US FOB
- ❖ IPC estimates for world pepper production in 2012 are up by 7% Y/Y with higher production projected in Vietnam
- ❖ Stock positions at the NCDEX accredited warehouses were at 4892 tons as on December 22, 2011
- ❖ As per Spices Board data, international price of pepper in New York market reduced slightly to \$7.72 per kg during the week ended December 16<sup>th</sup>, 2011 against \$5.51 per kg quoted in the same period last year



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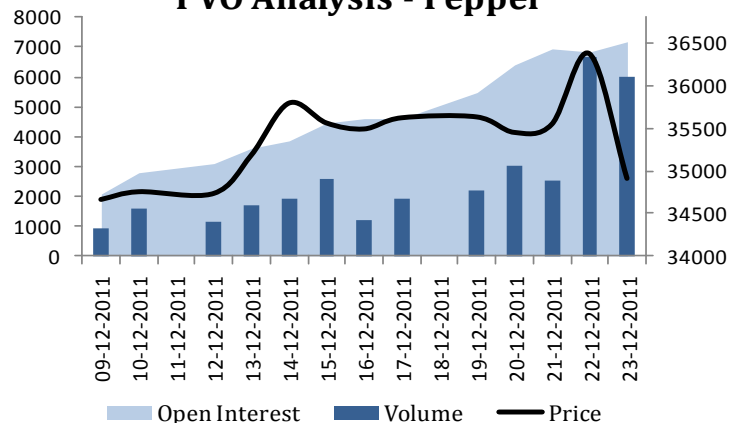
## Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Jan-12	29387	31453	32487	33520	35587	37653	38687
	Feb-12	28410	30510	31560	32610	34710	36810	37860
	Mar-12	28065	30040	31035	32030	34005	35980	36975

## Derivative Analysis

The NCDEX Pepper January contract prices have declined while open interest and volumes 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.

## PVO Analysis - Pepper



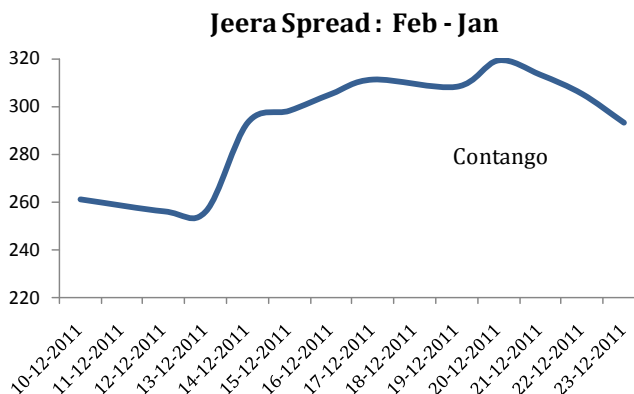


## Jeera Review

Jeera prices continued the positive trend on fresh buying during the week ended on Dec, 24. Futures started the week on higher note on extended gains. Decline in arrivals across the spot markets also supported the prices to trade up. However, later on prices took decent corrections on profit booking. Nonetheless, reports of good demand on export front on news of Syrian unrest pushed the prices on higher side. Therefore, on cues from spot market trend futures ended the week on positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	14324	15471	14258	15290	7.27	45216	1.93	13029	-12.84
Feb-12	14600	15790	14600	15603	7.13	14247	13.18	10833	41.77
Mar-12	15100	15510	14997	15501	6.78	3018	112.24	2394	173.29

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



## 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, sudden rise arrivals might limit sharp losses during the week. According to trade sources, activity at domestic front is table while lower export quotes are attracting export orders. For medium to long term trend might remain lower side biased amid increasing acreage under jeera in major growing regions.

## Factors to watch out

- ♣ Spot market of Unjha arrivals declined to 2000-3000 bags (1 bag= 60 Kg.)
- ♣ Data released by spices board, jeera exports from India during Apr-Oct, 2011 were up by 4% to 20,500 tonnes against same period last year.
- ♣ 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 8680 tons as on December 22, 2011
- ♣ As per Spices Board data, international price of jeera in New York market declined marginally to \$3.92 per kg during the week ended December 16<sup>th</sup> 2011 however, remained higher against \$3.64 per kg in the same period last year



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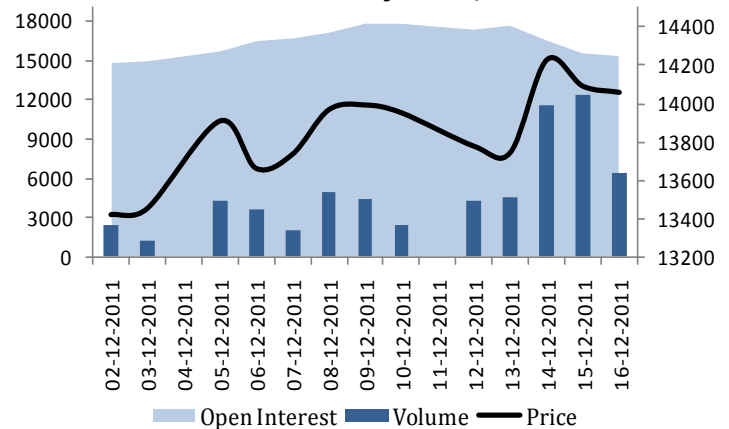
### Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Jan-12	13587	13922	14479	15035	15371	15706	16263
	Feb-12	13885	14243	14785	15328	15685	16043	16585
	Mar-12	14649	14823	15162	15501	15675	15849	16188

### Derivative Analysis

The NCDEX jeera January 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.

### PVO Analysis - Jeera



### Technical

Jeera futures have been traded completely higher side by continuing previous short term bull rally. The week has gone by making at low of 15270 then high of 15471 and finally settled at higher side at 15270 levels. Closing of the white candle stick is showing strength in buyer and this trend might continue in coming session but before going to continue to trade higher side prices might correct up to 14700 levels. In above daily price chart prices are trading in rising trend channel. Prices



are witnessing rising trend line support at 14810 levels. Based on Gann fans next support is seen at 14310 levels. Previous candle high might act as initial resistance (15480). Next resistance is seen at 15780 levels which is Gann fan 1\*1 resistance levels. Momentum indicator RSI-14 is trading at over brought zone of 0.700 levels begging of the week price might correct then it may continue bull rally.



## Turmeric

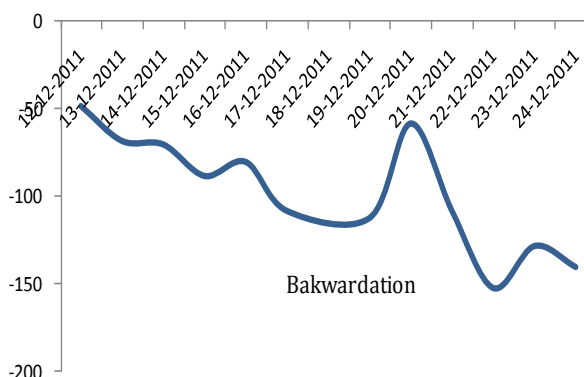
### Review

The NCDEX turmeric witnessed smart recovery on lower level buying during last week. Prices at futures started the week on higher note on short covering at previous huge losses. Spot market of Erode remained closed on Tuesday which weighed on futures prices also. However, when spot market resumed its activity good demand from local masala buyers pushed the prices on higher side. However, later on prices took decent corrections but overall positive trend remained intact and futures ended the week on higher note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-12	4292	4690	4264	4616	7.65	28120	58.91	9925	-1.73
May-12	4190	4550	4190	4490	7.22	4090	23.19	2675	40.79

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 continued recovery. However, this recovery in prices might provoke farmers to further increase the supply at spot market. Huge supply to the market as farmers want money for intercultural operations and harvesting might weigh on prices negatively.

### Factors to watch out

- ♣ As per trade sources, farmer have increased supply to 12000-15000 bags daily against 3000-4000 bags reported in same period last year
- ♣ Carry forwards stocks at physical market is around 10-12 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 22, 2011 were 4847 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 16<sup>th</sup> 2011 lower from \$5.73 per kg quoted in the same period last year



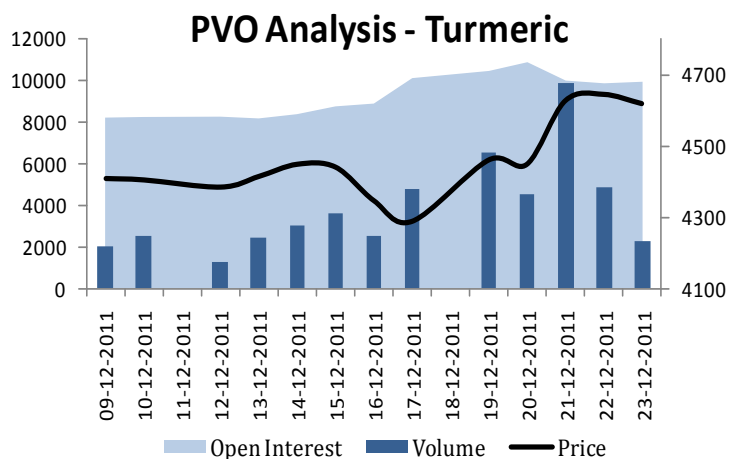
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## Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Apr-12	3931	4097	4357	4616	4783	4949	5209
	May-12	3910	4050	4270	4490	4630	4770	4990

## Derivative Analysis

The NCDEX Turmeric April 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.





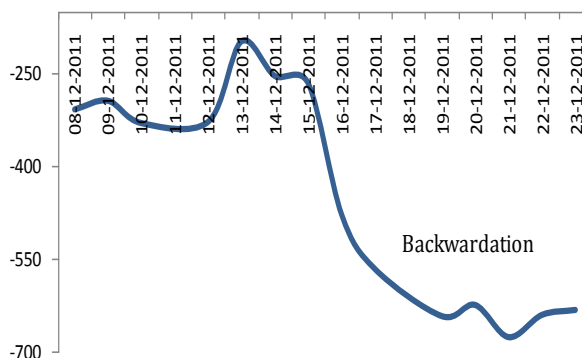
## Chilli Review

The Chilli prices resumed down trend on fresh selling during last week. Futures started the week on slightly positive note on continued recovery. Rise in prices resulted in huge arrivals at spot market of Guntur which created selling opportunity at spot and futures both. However, slow down in arrivals from MP cushioned the prices from sharp losses. Nonetheless, increased acreage in AP kept prices under pressure and futures ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	6426	6514	6286	6334	-1.22	4500	7.53	3020	22.52
Mar-12	5906	5906	5632	5728	-2.02	1170	-21.21	870	6.10

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

Chilli spread : Mar - Feb



## Outlook

Chilli prices are expected trade lower on extended selling pressure in coming week. Stockiest and bulk buyers are waiting for fresh crop arrival; which expected to start coming in few days. Therefore, poor buying interest in bulk buyers is likely to pressurize the prices. However, arrivals from MP are now slowing down which might limit huge losses. However medium term trend might be weak on higher production estimates.

## Factors to watch out

- ❖ Arrivals at Guntur chilli market increased to 45,000 bags against 20,000-25,000 bags in previous week
- ❖ Fresh crop from Guntur is expected to hit the market in coming 10-15 days
- ❖ Andhra Rabi chilli area is reported around 0.44 lakh ha as on 21<sup>st</sup> December against 0.42 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 22, 2011 were 916tons
- ❖ As per Spices Board data, international price of chilli in New York market declined to \$3.53 per kg during the week ended December 16<sup>th</sup> 2011 against \$2.54 per kg quoted in the same period last year



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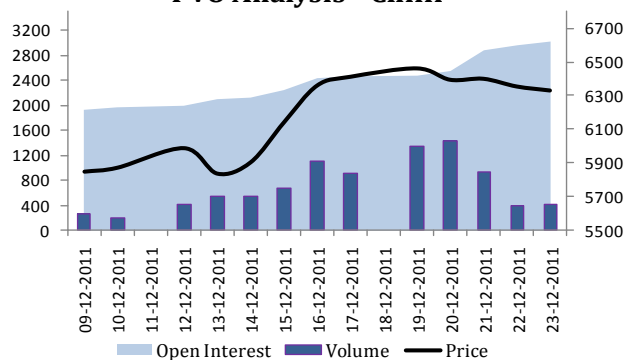
## Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Feb-12	6014	6150	6242	6334	6470	6606	6698
	Mar-12	5331	5481	5605	5728	5879	6029	6153

## Derivative Analysis

The NCDEX chilli February contract prices have declined while open interest and volumes 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.

PVO Analysis - Chilli





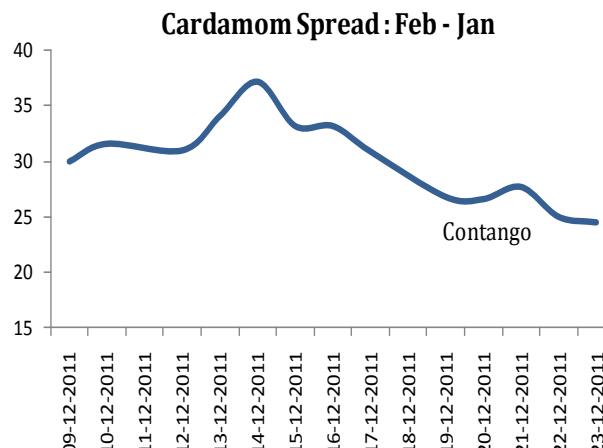
## Cardamom

### Review

The cardamom futures extended losses during the week ended on Dec. 24<sup>th</sup>. From starting of the week futures traded down on strong selling interest. However, prices took small recovery during the week on short covering but overall bearish trend remained intact. 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	611	611	570.7	596.3	-2.13	15231	-11.44	3884	-7.48
Feb-12	640.8	640.8	597.1	621	-3.00	4038	9.97	2048	23.37
Mar-12	686.1	702	661.2	665.8	-4.19	3131	-22.13	1480	26.76

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



### Outlook

Cardamom futures are projected to trade down on continued selling during early trading session in coming week. However, reports of spot auction starting from Tuesday might support the prices. Therefore, lower level buying on previous huge losses might add to the upside. Emergence of fresh buying across the spot market is likely to support the prices to trade up. However, any sudden rise in arrivals might weigh on prices later in the week.

### Factors to watch out

- ❖ Daily auction activity in Kerala is expected to start gain from December 27<sup>th</sup>, 2011
- ❖ Auctions were stalled since December 5<sup>th</sup> following the unrest over the Mullaperiyar dam issue
- ❖ 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 last year
- ❖ MCX warehouse stocks of Cardamom as on December 22, 2011 were 22.6 tons
- ❖ As per Spices Board data, international price of Cardamom in Saudi Arabia market declined to \$15.85 per kg during the week ended December 16<sup>th</sup> 2011; however, it was lower than \$31.56 per kg quoted in the same period last year



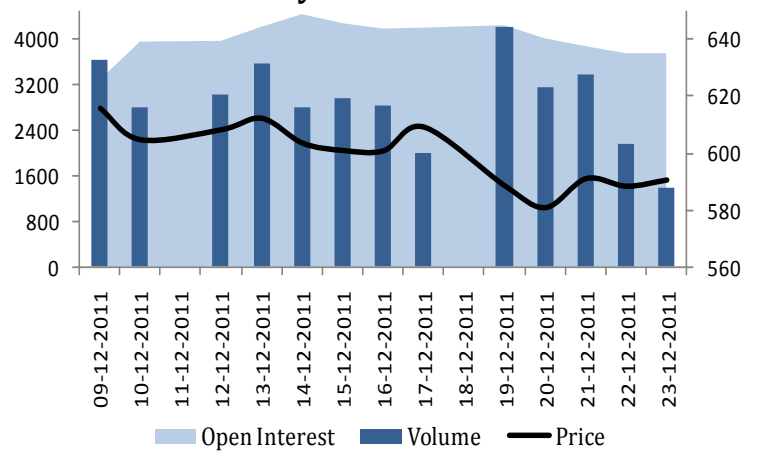
## Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Jan-12	534	552	574	596	615	633	655
	Feb-12	555	576	598	621	642	663	686
	Mar-12	610	636	651	666	691	717	732

## Derivative Analysis

The MCX cardamom January contact, prices, volumes and open interest have ended on lower note showing recovery. It indicates that 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 - Cardamom



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