



SPICES WEEKLY

KARVY
COMMODITIES BROKING

A weekly fundamental and technical report on spices

21 January 2012



Technical Recommendations

Commodity	Exchange	Contract	Recommendation
Pepper	NCDEX	Feb-12	Buy at 31700-31800 TP 32775/33500 SL 30900
Jeera	NCDEX	Feb-12	Trading Range : 14980-16420
TMC	NCDEX	Apr-12	Trading Range : 4360-4760
Chilli	NCDEX	Feb-12	Buy at 6010-6040 TP 6320/6480 SL 5870
Cardamom	MCX	Feb-12	Buy at 615 TP 680/710 SL 570



Pepper

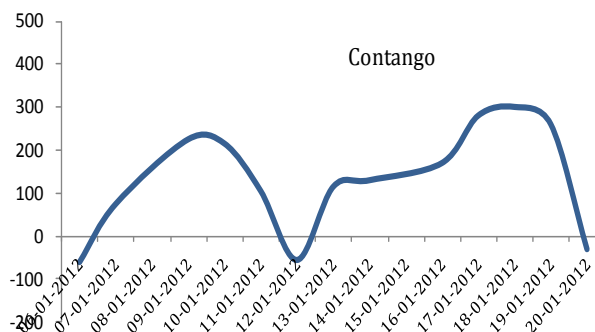
Review

Pepper prices resumed uptrend after witnessing huge corrections for 2 consecutive weeks. Futures started the week on positive note taking recovery on previous week's losses. Reports of likely supply squeeze in domestic market along with limited availability in other major countries. Fresh buying in far month contracts due to January contract expiry further added to the upside. Therefore, on cues from spot market activity futures also traded up and ended the week on higher note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	30515	32500	30210	32300	4.26	15388	6.79	5432	90.66
Mar-12	30775	32690	30415	32430	4.24	1859	-19.84	1268	16.22
Apr-12	30500	32630	30500	32630	5.22	209	-42.58	570	12.20

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

Pepper Spread: Mar - Feb



Outlook

Pepper prices are expected to continue the positive trend on follow through buying. Despite of peak arrivals season declining arrivals are likely to support the prices. According o trade sources, Vietnam crop is expected to hit the market in late Feb or early March which is likely to add to the uptrend. As overseas buyers who were waiting for Vietnam crop might start buying from India. Trade are directly buying green berries from growers which is affecting availability of black pepper, thereby pushing prices on higher side.

Factors to watch out

- ❖ Average daily prices at spot market of Kochi improved a bit during the week to ₹30,400 and ₹31,900 per quintal for Ungarbled and MG-1 grade respectively
- ❖ Export activity from Vietnam is likely to remain closed due to Lunar holidays and will resume activity January 30th onwards
- ❖ As per data released by Spices board, during Apr-Nov, 2011 Pepper export from India were reported up by 43% to 17,000 tonnes against the same period last year
- ❖ Stock positions at the NCDEX accredited warehouses were at 4415 tonnes as on January 19, 2011



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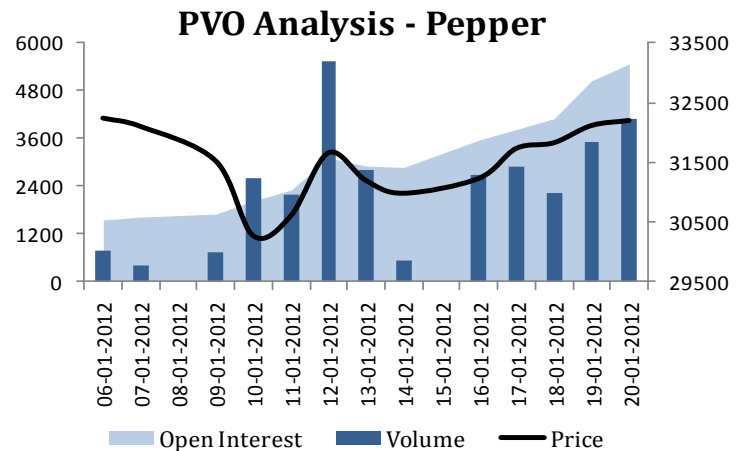
- According to IPC, global pepper production is likely to increase by 7% while consumption & exports are expected to increase by 3% & 2% respectively
- As per Spices Board data, international price of pepper in New York market declined to \$7.06 per kg during the week ended January 13, 2011 against \$5.40 per kg quoted in the same period last year

Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Feb-12	28550	29380	30840	32300	33130	33960	35420
	Mar-12	28725	29570	31000	32430	33275	34120	35550
	Apr-12	29080	29790	31210	32630	33340	34050	35470

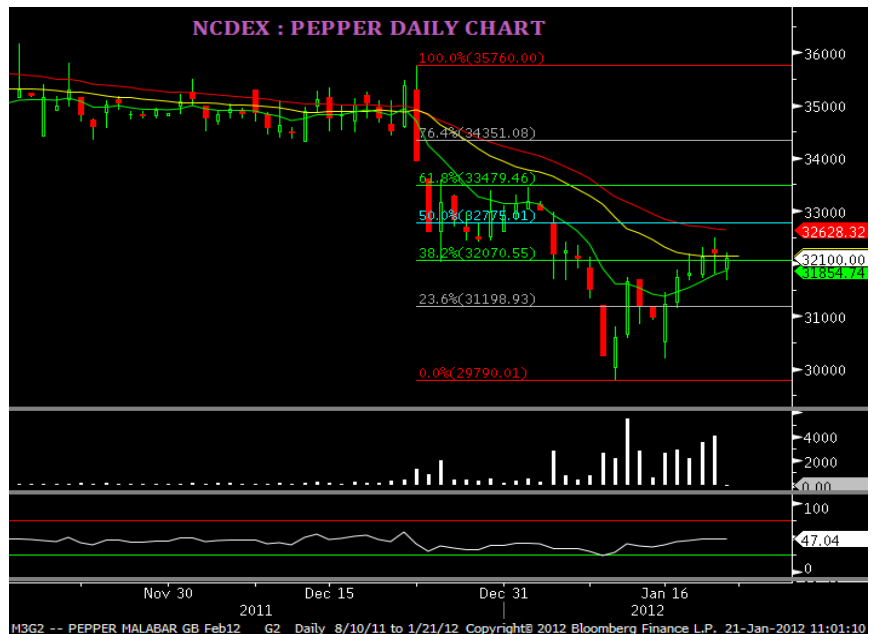
Derivative Analysis

The NCDEX Pepper 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.



Technical

Pepper NCDEX price February contract is trading higher last week against the previous week, has made a high of 32500 against the low of 30210 and prices are trading higher at 32240 levels which are higher from the previous week. Overall trend for Pepper prices are still negative but we expect for the coming week Pepper prices may recover for near term before its resuming the downtrend. While applying Fibonacci retracement tools on a daily chart, Pepper prices may recover till the levels of 32700, 33500 which are 50% and 61.8% retracement of the range of 35760-29790. Technical momentum Indicator RSI-14 days is trade at 47.04 and it shows that Pepper prices may recover for near term. Going by the above analysis we suggest buy at lower levels for the coming week.





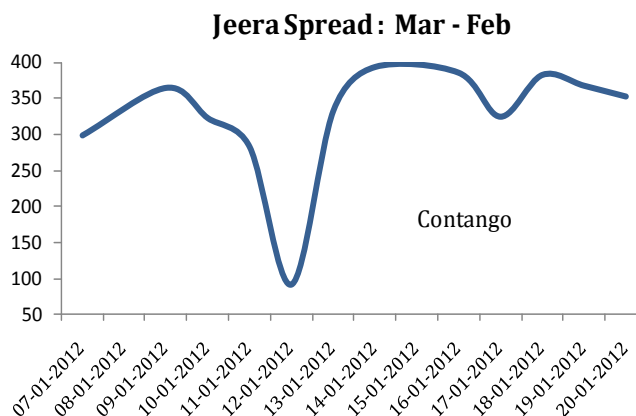
Jeera

Review

Jeera prices witnessed huge volatility on heavy speculative activities during the week ended on Jan. 21st. Futures started the week on positive note on short covering on previous week's losses. However, data released by Gujarat Govt. showed further increase in acreage which pulled down the prices drastically. However, later on prices recovered on declining arrivals across the spot markets. However, overall trend remained very volatile on mixed reports from traders. However, overall trend remained down side biased and futures ended in red.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	16290	16503	15678	15849	-2.04	41718	-17.83	15120	-13.92
Mar-12	16780	16905	16012	16200	-2.25	10269	30.70	10437	53.60
Mar-12	17007	17171	16277	16451	-2.65	408	-13.92	309	74.58

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



Outlook

Jeera prices are projected to continue the volatile movement during next week. Declining arrivals across the major spot markets might also support the prices. However, Prevailing mixed sentiments among the traders might support the prices. According to trade sources, some traders are expecting production might fall to 25 lakh bags due to poor seed germination while others are still anticipating that production will remain higher due to rise in acreage. Therefore this mixed news might create huge volatility at spot and futures both.

Factors to watch out

- ♣ Spot market of Unjha arrivals are in the range of 3000-4500 bags (1 bag= 60 Kg.)
- ♣ As per data released by Spices board, during Apr-Nov, 2011 Jeera export from India were reported up by 28% to 26,500 tonnes against the same period last year
- ♣ Sowing Data In Gujarat cumin seed sowing reported around 2.82 lakh hectares till 27th December as compared to the 2.38 lakh hectares in the last year
- ♣ NCDEX accredited warehouse stocks were at 8279 tonnes as on January 19, 2011



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♣ As per Spices Board data, international price of jeera in New York market remained stable to \$3.92 per kg during the week ended January 13th 2011 however, remained higher against \$3.64 per kg in the same period last year

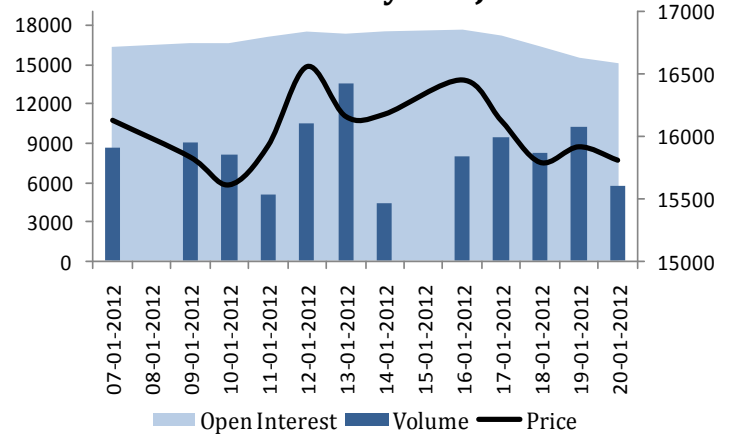
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Feb-12	14692	15185	15517	15849	16342	16835	17167
	Mar-12	14947	15479	15840	16200	16733	17265	17626
	Mar-12	15201	15739	16095	16451	16989	17527	17883

Derivative Analysis

The NCDEX jeera February contract prices, volumes and open interest 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. 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

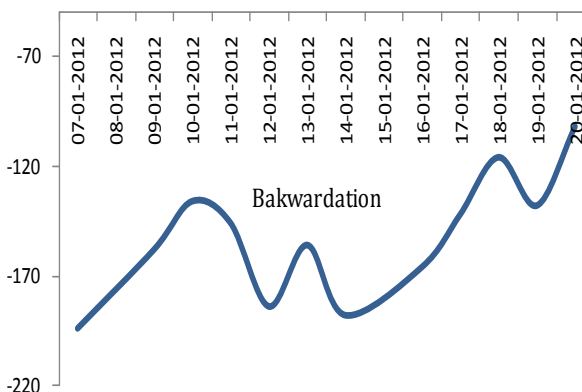
Review

The NCDEX turmeric extended the bearish trend for 3rd consecutive week on selling pressure. Prices at futures started the week on negative note on extended correction. Spot market remained close till Tuesday due to Pongal festival. Therefore, in absence of fresh cue from spot market futures also traded down. Rising fresh arrivals along with poor bulk buying from traders further added to the down side. Increased arrivals of Mysore variety turmeric pulled down the prices drastically. Therefore, reacting to prevailing fundamentals futures also ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-12	4680	4680	4460	4520	-3.00	12135	-31.60	10145	-1.65
May-12	4490	4504	4350	4420	-1.16	2890	-36.27	4960	3.01
Jun-12	4500	4500	4302	4410	-1.47	695	-21.47	760	78.82

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

Turmeric Spread : May - Apr



Outlook

Turmeric prices are expected to continue the bearish trend on rising arrivals across the spot market. However, short covering at huge losses can be seen initially in the week which might create further selling the market. Traders are not getting fresh orders from north Indian buyers. Therefore, poor demand might keep prices under pressure during the week. However, local masala buyers are buying in small amount which might cushion prices from huge losses.

Factors to watch out

- ❖ As per trade sources, arrivals at spot market of Erode were hovered in the range of 3800 - 6300 bags (1bag=70Kg.)
- ❖ According to trade sources, Harvesting has been started in Erode and after drying and processing arrivals will start by 2nd - 3rd week of February
- ❖ As per data released by Spices board, during Apr-Nov, 2011 Turmeric export from India were reported up by 63% to 58,000 tonnes against the same period last year
- ❖ As per Spices Board data, international price of Turmeric in New York market remained unchanged to \$5.62 per kg during the week ended January 13th 2011 lower from \$5.29 per kg quoted in the same period last year



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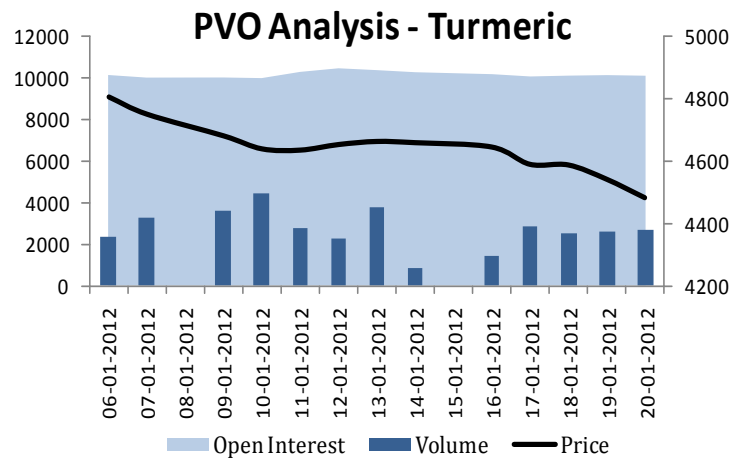
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Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Apr-12	4207	4333	4427	4520	4647	4773	4867
	May-12	4191	4271	4345	4420	4499	4579	4653
	Jun-12	4110	4206	4308	4410	4506	4602	4704

Derivative Analysis

The NCDEX Turmeric April prices, volumes and open interest 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. 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.



Technical





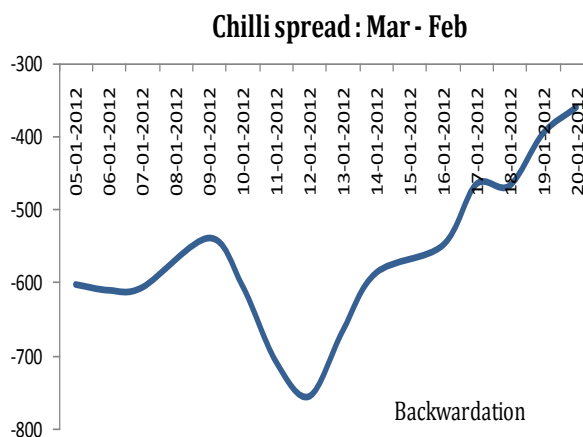
Chilli

Review

The Chilli prices continued the bearish trend on extended selling pressure during last week. Futures started the week on lower note on continued selling. Increased arrivals at spot market along with poor export demand pulled down the prices. However, reports of rains in Guntur regions created concern for crop which pushed the prices to recover. However, later on prices resumed down trend on reports of increasing amount of fresh arrivals among the total arrivals. Therefore, on cues from futures traded down and closed on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	6170	6250	6044	6118	-1.07	4600	-54.46	2805	-5.40
Mar-12	5564	5830	5530	5792	3.47	1185	-58.35	1405	3.31
Apr-12	5638	5916	5602	5900	3.98	330	-49.23	815	12.41

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



Outlook

Chilli prices are expected continue the volatility on prevailing fundamentals. Though fresh crop of Teja arrivals at spot market of Guntur, however arrivals of exchange traded 334 variety is are expected to start February onwards. Prevailing unfavourable weather condition in major growing regions might hamper harvesting activity. Therefore, threat of crop damage due to prevailing weather conditions might support prices to trade up in coming week.

Factors to watch out

- ♣ Arrivals at Guntur chilli market remained in the range of 15,000-35,000 bags
- ♣ Andhra Rabi chilli area is reported around 0.53 lakh ha as on 18th January against 0.48 lakh ha year ago
- ♣ As per data released by Spices board, during Apr-Nov, 2011 chilli export from India were reported down by 24% to 1,32,500 tonnes against the same period last year
- ♣ As per Spices Board data, international price of chilli in New York market remained stable to \$3.53 per kg during the week ended January 13th 2011 against \$3.20 per kg quoted in the same period last year



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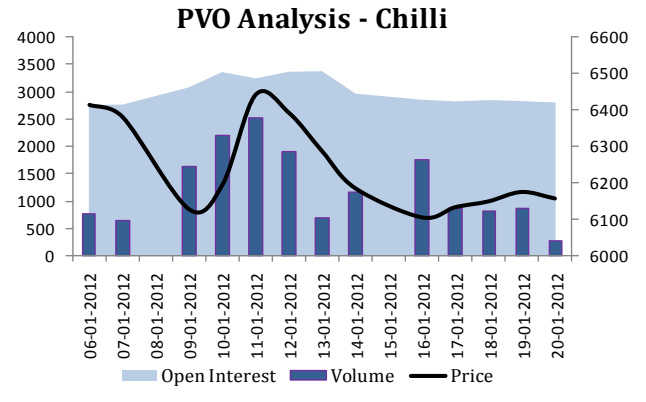
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Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Feb-12	5819	5931	6025	6118	6231	6343	6437
	Mar-12	5305	5417	5605	5792	5905	6017	6205
	Apr-12	5382	5492	5696	5900	6010	6120	6324

Derivative Analysis

The NCDEX chilli February contract prices, volumes and open interest 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. 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.



Technical





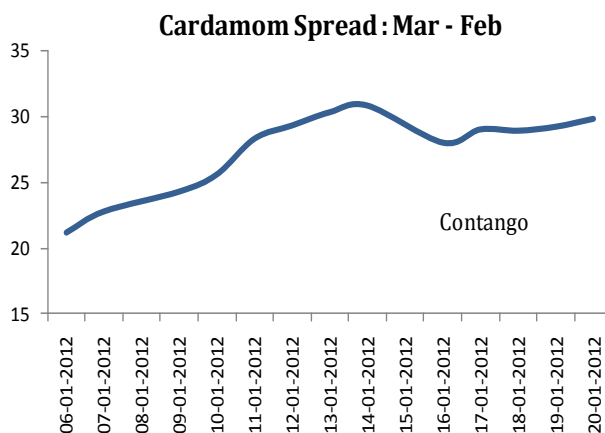
Cardamom

Review

The cardamom futures witnessed good volatility week ended on Jan. 14th. From starting of the week futures traded slightly up on fresh buying at lower levels. Auction activity started in Kerala which also added to the upside. However, later on prices took decent corrections amid huge arrivals at spot auction. Nonetheless, good demand from exporters and on cues from spot activity futures traded up and ended on positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	621	657.8	617.5	630	1.24	25263	55.39	4573	12.19
Mar-12	654.8	685.5	648.1	660.1	1.07	5598	31.97	2381	13.54
Apr-12	671.1	695	658	660.2	1.36	838	5.29	768	7.68

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



Outlook

Cardamom futures are projected to open on positive note on follow through buying in coming week. Good demand at export front is likely to support the uptrend. However, rising arrivals at spot auction might limit huge gains during the week. According to trade sources, crop from Guatemala is expected to hit the market by January end of February onwards.

Factors to watch out

- ❖ Arrivals Daily auction activity in remained in the range of 67-108 tonnes while prices hovered in the range of Rs. 489-533 per Kg.
- ❖ According to data released by Spices board, cardamom exports during Apr-Nov, 2011 were up by 444% to 3,100 tons against same period in last year
- ❖ Total arrivals at spot auction till January 14th were reported around 9,835 tonnes 6,725 tonnes arrived during same period last year
- ❖ As per Spices Board data, international price of Cardamom in Saudi Arabia market improved a bit to \$15.74 per kg during the week ended January 13th 2011; however, it was lower than \$36.01 per kg quoted in the same period last year



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✿ MCX warehouse stocks of Cardamom as on January 19, 2011 were 17 tonnes

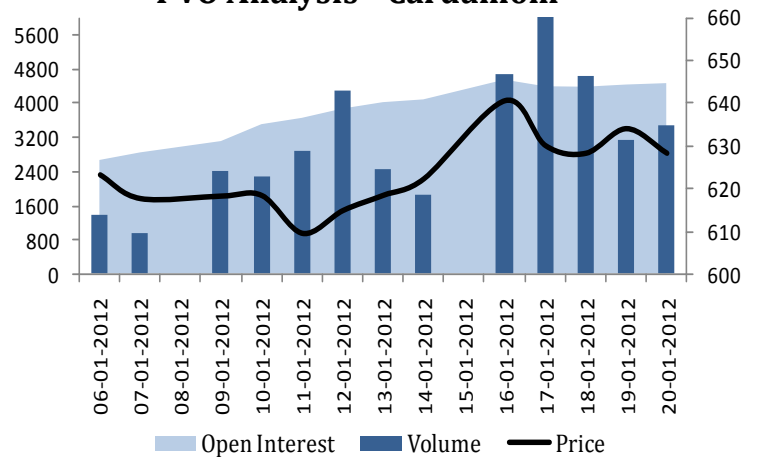
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Feb-12	572	595	612	630	653	675	693
	Mar-12	606	627	644	660	681	702	718
	Apr-12	610	634	647	660	684	708	721

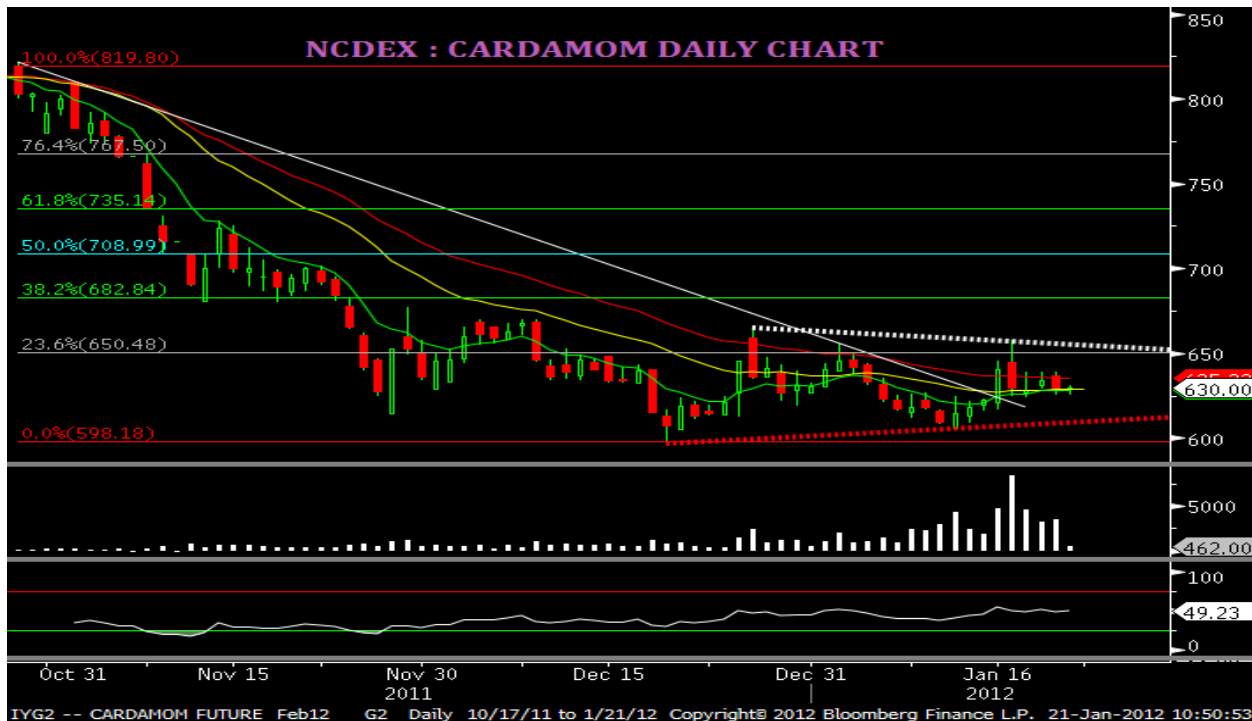
Derivative Analysis

The MCX cardamom 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 - Cardamom



Technical





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