



SPICES WEEKLY

KARVY
COMMODITIES BROKING

A weekly fundamental and technical report on spices

4 February 2012



Technical Recommendations

Commodity	Exchange	Contract	Recommendation
Pepper	NCDEX	Feb-12	Trading Range : 29240 - 31290
Jeera	NCDEX	Feb-12	Sell in the range 14650-14750 TP 13700 SL 15035
TMC	NCDEX	Apr-12	Buy in the range 4600-4570 TP 4860 SL 4460
Chilli	NCDEX	Feb-12	Trading Range : 5410-6230
Cardamom	MCX	Feb-12	Buy in the range 675-665 TP 720 SL 630



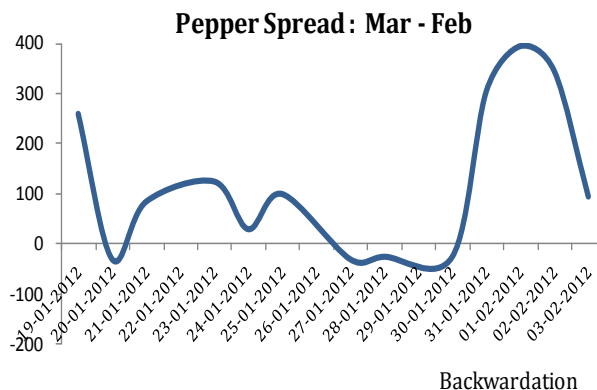
Pepper

Review

Pepper prices continued the bearish trend on cues from prevailing fundamentals during the week. Futures started the week on negative note extended corrections. Vietnam resumed trade activity on Monday after a week long holiday which pressurized Indian pepper prices. Lower prices quoted by Vietnam in global pepper market impacted Indian exports negatively. Higher moisture content in fresh crop arriving at spot market also fetched lower prices. However, later on prices recovered from previous huge losses on short covering. Reports of decline in arrivals at terminal market of Cochin supported the prices. However, prices failed to recover all the losses made during the week and ended the week on slightly lower note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	30525	30650	28880	30070	-3.64	12833	-12.22	4507	-28.37
Mar-12	30450	30750	29250	30305	-2.81	6297	65.93	2363	8.59
Apr-12	30500	30950	29530	30745	-1.63	2238	226.24	559	-9.69

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



Outlook

Pepper prices are expected to trade slightly positive on fresh buying at lower levels in coming week. According to trade sources, arrival season is expected to reach its peak by Mid Feb but arrivals are still remaining; which might create a recovery in prices initially. However, rising arrivals in Vietnam along with lower rates quoted in global pepper market is shifting export demand from India to Vietnam. Continuous strengthening of the rupee against the dollar has pushed up the Indian parity in the international market might also weigh on prices. However, stable domestic demand amid tight supply might cushion prices.

Factors to watch out

- ✦ Average daily prices at spot market of Kochi declined substantially during the week to ₹30,600 and ₹31,500 per quintal for Ungarbled and MG-1 grade respectively
- ✦ According to International Pepper Community (IPC), Indian production is estimated around 43000 tones down by 10% Y/Y



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- ❖ Indian pepper prices in global market are quoted at \$6400 & \$6700 per MT for MG-1 grade for Europe & US FOB as compared to \$5800-5850 per MT for 550 g/l quoted by Vietnam. Therefore, export demand for Indian pepper is remaining very sluggish
- ❖ Stock positions at the NCDEX accredited warehouses were at 3888 tonnes as on February 02, 2011
- ❖ 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 remained steady to \$7.06 per kg during the week ended January 27, 2011 against \$5.47 per kg quoted in the same period last year

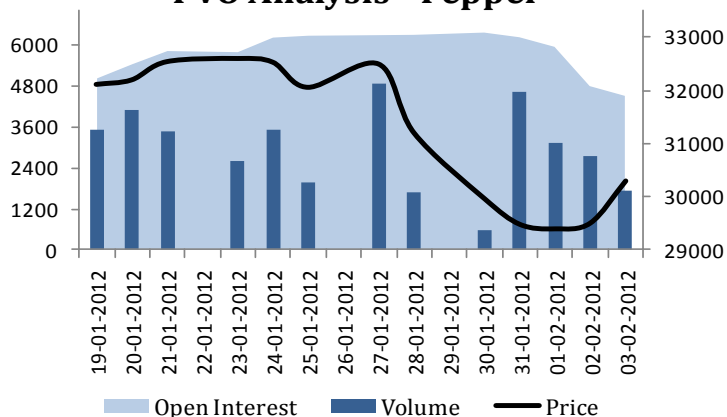
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Feb-12	27313	28097	29083	30070	30853	31637	32623
	Mar-12	27953	28602	29453	30305	30953	31602	32453
	Apr-12	28447	28988	29867	30745	31287	31828	32707

Derivative Analysis

The NCDEX Pepper February contract prices, volumes and open interest have declined. It is a good indication that investors had liquidating all their long positions. Further change in volumes traded might decide the trend.

PVO Analysis - Pepper



Technical





Jeera

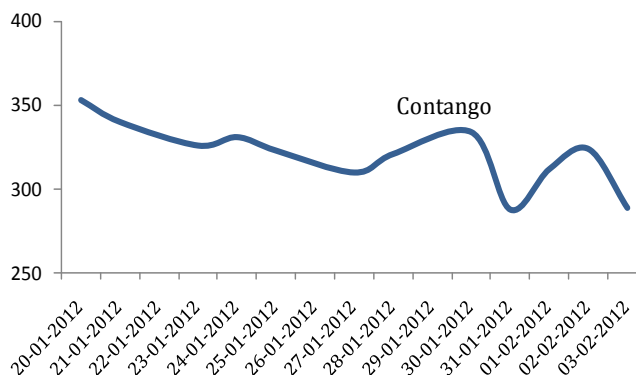
Review

Jeera prices traded very volatile with down side biasness during the week ended on Feb. 04th. Futures started the week on negative note extending previous week's losses. Reports of arrival of fresh crop in small pockets of Gujarat weighed on sentiments. Subdued export demand with sudden rise in arrivals across the spot markets further added to the down side. However, prices took smart recovery on short covering on huge losses later on but failed to sustain the gains. Reports of fresh crop arrival in small pockets of Gujarat also weighed on sentiments and futures prices ended the week on negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	14774	15010	14173	14650	-1.31	48258	12.22	10053	-24.39
Mar-12	15150	15298	14493	14885	-1.85	20634	65.73	11931	6.74
Mar-12	15594	15634	14864	15399	-0.58	6096	163.21	4197	197.66

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

Jeera Spread : Mar - Feb



Outlook

Jeera prices are projected to trade lower on poor export activity initially in coming week. According to trade sources, fresh arrivals are expected to gain pace in coming week which might weigh on prices. Domestic demand is also remaining subdued weighing on market sentiments. However, trades are expecting by this week actual production estimates will be known. Production in Rajasthan is expected to be lower due to crop damage. Therefore, if production numbers come lower from last year, than it might push the prices on higher side.

Factors to watch out

- Spot market of Unjha arrivals are in the range of 3000-5000 bags (1 bag= 60 Kg.)
- 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 7236 tonnes as on February 02, 2011
- As per Spices Board data, international price of jeera in New York market declined marginally to \$3.86 per kg during the week ended January 27th 2011 however, remained higher against \$3.64 per kg in the same period last year



SPICES WEEKLY

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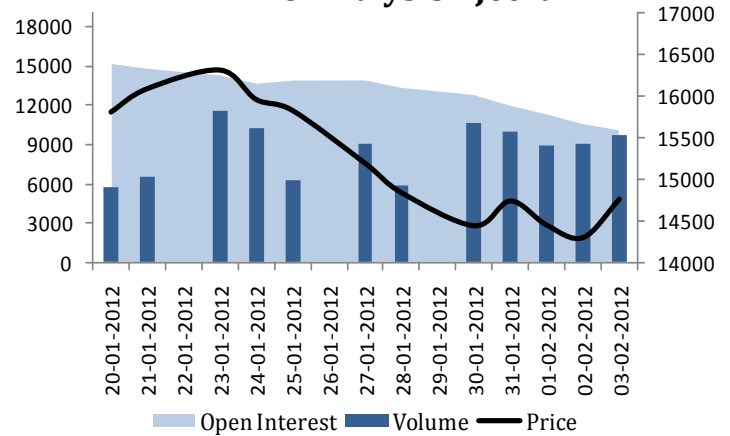
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Feb-12	13375	13774	14212	14650	15049	15448	15886
	Mar-12	13681	14087	14486	14885	15291	15697	16096
	Mar-12	14194	14529	14964	15399	15734	16069	16504

Derivative Analysis

The NCDEX jeera February contract prices and open interest have declined while volumes have increased. It indicates that the price decline is being caused by liquidations of positions. Due to prevailing volatility small traders are exiting their positions.

PVO Analysis - Jeera



Technical





Turmeric

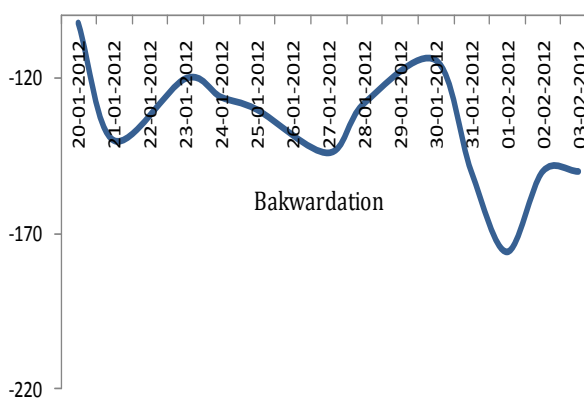
Review

NCDEX turmeric prices witnessed good recovery on short covering after trading down for consecutive 4 weeks. Prices at futures started the week on slightly lower note on continued bearish trend. However, later on futures turned positive amid lower arrivals reported across the spot markets. Traders received good orders from Gujarat and Kolkata which resulted in heavy buying from traders to fulfill their commitments. Demand for fresh crop reported higher which further supported the uptrend. Despite of some intermittent corrections positive trend remained intact and futures prices ended the week on positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-12	4562	4736	4540	4656	1.75	16935	27.71	9915	-4.66
May-12	4440	4560	4424	4510	1.39	4895	24.55	4650	-5.39
Jun-12	4470	4578	4450	4498	0.85	1230	-4.65	1285	19.53

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

Turmeric Spread : May - Apr



Outlook

Turmeric prices are expected to trade slightly positive on brisk buying for fresh crop. Fresh orders from upcountry buyers are likely to provoke traders to buy in bulk which might add to the upside. Good quality of fresh Salem variety is attracting exporters resulting in higher prices quoted by traders. However, if daily arrivals cross 10,000 bags than it might have negative impact on prices.

Factors to watch out

- ❖ As per trade sources, arrivals at spot market of Erode were hovered in the range of 6300-8200 bags (1bag=70Kg.)
- ❖ According to trade sources, fresh arrivals are gaining pace across the major turmeric spot markets
- ❖ 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
- ❖ According to traders' estimates supply from Tamil Nadu alone is expected around 50-60 lakh bags including 40-45 lakh bags production and 10 lakh bags of carry forward stocks (1 bag=70Kg.)



SPICES WEEKLY

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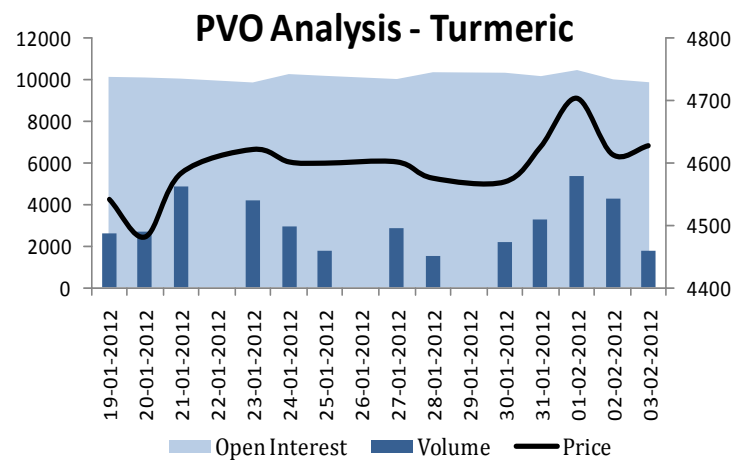
- As per Spices Board data, international price of Turmeric in New York market remained unchanged to \$5.62 per kg during the week ended January 27th 2011 lower from \$5.29 per kg quoted in the same period last year

Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
	Apr-12	4356	4448	4552	4656	4748	4840	4944
NCDEX	May-12	4300	4362	4436	4510	4572	4634	4708
	Jun-12	4311	4381	4439	4498	4567	4637	4695

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 are 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





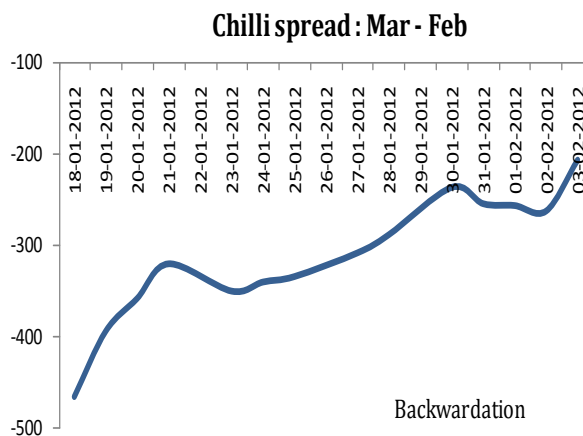
Chilli

Review

Chilli prices witnessed very choppy trade with biased towards downside during last week. Futures started the week on lower note on extended corrections amid higher arrivals at spot market. Huge arrivals of fresh crop further added to the down side. However, futures took small recovery on lower level buying but failed to sustain and fell back. Reports of poor export demand also pressurized the prices. However, buying at lower levels from local masala companies cushioned the prices. Therefore, on cues from futures prices traded down and closed on slightly negative note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	6006	6118	5962	5984	-1.48	3155	-32.37	2435	-8.97
Mar-12	5738	5848	5694	5760	-0.45	1055	-43.28	1625	8.70
Apr-12	5784	5978	5784	5860	-0.61	330	-49.23	935	3.89

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



Outlook

Chilli prices are expected to trade range bound to down side biased on prevailing fundamentals. Poor export demand from Pakistan, Bangladesh is likely to have negative impact on prices. Rising arrivals of fresh crop at spot market of Guntur might further pressurize the prices. Higher production estimates as compared to the last year are also weighing on prices. However, demand from domestic buyers in small amount might limit huge losses during the 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 0.49 lakh ha as on 25th January against 0.44 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 27th 2011 against \$3.20 per kg quoted in the same period last year



SPICES WEEKLY

A weekly fundamental and technical report on spices

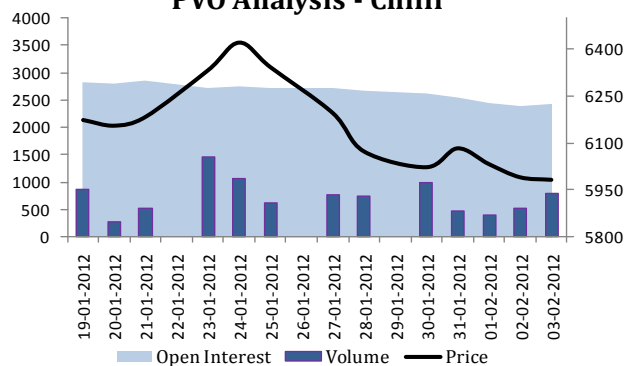
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Feb-12	5769	5865	5925	5984	6081	6177	6237
	Mar-12	5533	5613	5687	5760	5841	5921	5995
	Apr-12	5576	5680	5770	5860	5964	6068	6158

Derivative Analysis

The NCDEX chilli February contract February contract prices, volumes and open interest have declined. It is a good indication that investors had liquidating all their long positions. Further change in volumes traded might decide the trend.

PVO Analysis - Chilli





Cardamom

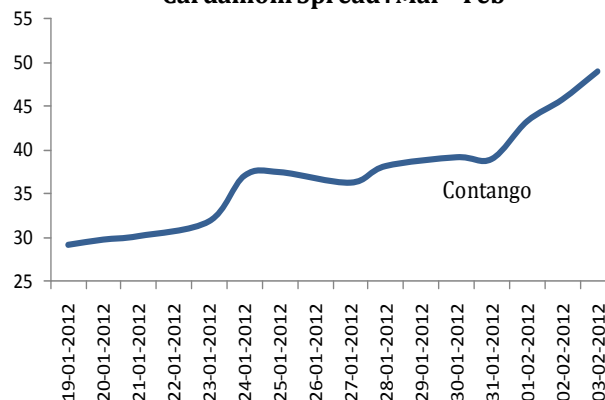
Review

Cardamom futures continued the positive trend with some corrections on profit booking during the week ended on Feb. 04th. From starting of the week futures traded higher on follow through buying. Good demand at domestic as well as export front pushed the prices on higher note. However, sudden rise in arrivals due to hike in spot prices weighed in sentiments and futures took decent corrections on profit booking. Nonetheless, overall positive trend remained intact which was also reflected in higher export ate offered by exporters. Thus, on cues from spot activity futures prices traded up and ended on positive note.

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	674	693.6	659.3	680	1.30	38582	10.89	4755	-2.56
Mar-12	712.3	737.5	699.9	736	3.74	15254	59.91	3668	28.93
Apr-12	675	710.3	668	688.7	5.30	1290	26.25	947	18.45

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

Cardamom Spread : Mar - Feb



Outlook

Cardamom futures are projected to continue the positive trend on rising demand. According to the trade source, end of current harvesting season is approaching might result in decline in supplies in coming days. On other hand, good demand from bulk buyers from north India states is likely to support the prices. Average spot prices at auction held in Kerala have also reported a significant growth. Brisk buying activity from exporters due to end of harvesting season might also add to the upside.

Factors to watch out

- ❖ Arrivals Daily auction activity in remained in the range of 31-124 tonnes while prices hovered in the range of Rs. 484-547 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 22nd were reported around 10,410 tonnes 6,910 tonnes arrived during same period last year



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- As per Spices Board data, international price of Cardamom in Saudi Arabia market improved to \$17.30 per kg during the week ended January 27th 2011; however, it was lower than \$30.88 per kg quoted in the same period last year
- MCX warehouse stocks of Cardamom as on February 02, 2011 were 18.6 tonnes

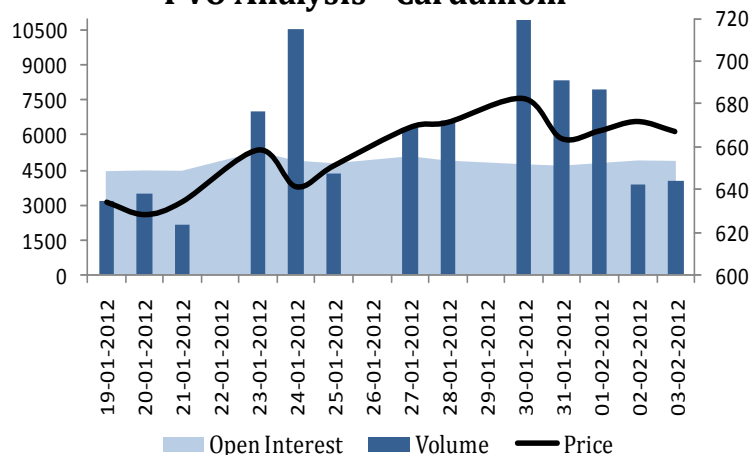
Pivot Point

Exchange	Contract	S3	S2	S1	Previous close	R1	R2	R3
NCDEX	Feb-12	627	643	662	680	696	712	730
	Mar-12	674	687	711	736	749	762	787
	Apr-12	625	647	668	689	710	731	752

Derivative Analysis

The MCX cardamom February 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 are 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 - Cardamom



Technical

A strong breakout through the falling wedge in cardamom generic chart is keeps the prices in positive zone. During the week prices have made a high of 693.60 against the low of 659.30 and finally settled at 686.10 by +2.22% up from last weeks closing prices. On initial bias remains upside this week for further rally towards the next resistance of 720 then 759 levels which is 5.0% and 61.8% Fibonacci levels of the previous fall, starts from 891.8 to 546.20 levels. However, initial session of the week we are expecting some downward correction towards 675 - 665 levels, which is going to suggest possible accumulation levels for the fresh buying in near-term perspective.



Weekly momentum indicator RIS-14 period trading at 0.58 levels by supporting our bullish view an upside crossover from the Mov.Avg in MACD is also another supporting aspect for taking the bullish view in coming sessions.



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