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Agricultural Commodities

News in brief

2nd advance estimates of crop production released

India is likely to produce 250.42 million tonnes of foodgrains during 2011-12 compared to 232.07 million tonnes last year. This is 18.35 million tonnes higher than 2010-11. Wheat production is expected to reach 88.31 million tonnes, pulses 17.28 million tonnes and cotton 34.09 million bales (of 170 kg. each) this year. Total production of rice in the country is estimated at 102.75 million tonnes which is an all time record. Production of wheat estimated at 88.31 million tonnes is also a new record. As a result of significant increase in production of rice and wheat, the estimated production of total foodgrains during 2011-12 stands at a record level of 250.42 million tonnes which is higher than the target of 245 million tonnes fixed for the year. The estimated production of foodgrains for the year is also higher by 5.64 million tonnes as compared to earlier record foodgrains production of 244.78 million tonnes achieved during last year. The production of pulses and oilseeds is estimated at 17.28 million tonnes and 30.53 million tonnes respectively. Production of cotton estimated at 34.09 million bales (of 170 kg. bales) is also a new record. The estimated production of sugarcane stands at 347.87 million tonnes which is higher by 5.09 million tonnes as compared to last year.

(Source: PIB)

PM to states: Hasten PDS reforms to implement food Bill

Prime Minister Manmohan Singh yesterday urged states and Union territories to hasten reforms in the public distribution system (PDS) for the effective implementation of the Food Security Bill. The prime minister said, "I would urge you to pay urgent attention to end-to-end computerisation of the PDS. We should be in a position to effectively implement the Food Security Bill by the time it becomes an Act of Parliament." "We have made rapid progress in providing Aadhaar numbers to about 13 crore residents, which would help in improving the delivery of programmes, particularly for the poor and the underprivileged, and in eliminating leakages." (Source: Business Standard)

NCDEX halts new guar future contracts

The National Commodity & Derivatives Exchange (NCDEX), India's 2nd largest commodity exchange, has postponed fresh launch of futures contracts in guar seed and gum. After the expiry of the last contract on January 20, the exchange was scheduled to launch the new contract on February 1 for expiry in August. Traders, however, can take position and square off them in existing contracts expiring in July. (Source: Business Standard)

SMX launching black pepper futures contract to tap Indian market

The Singapore Mercantile Exchange (SMX) said that it will start trading the world's first global black pepper futures contract from February 10, aiming specifically the large Indian market. The Vietnamese origin black pepper contract is designed to be an Asian benchmark, supporting trade in pepper producing countries but with a specific aim to support the larger Indian trades in the commodity, SMX Assistant Vice-President for Business Development, Mr Soumen Mahanty, told PTI. Though global in trade, the SMX latest contract would offer a wide range of hedging and arbitrage opportunities to Indian traders, he said. (Source: Business Line)

PM pegs growth rate to 7-7.5% in FY'12

Amid grim global situation and high domestic interest rates, the Prime Minister, Dr Manmohan Singh, on Friday said country's economic growth is likely to slow down to 7-7.5 per cent this fiscal from 8.4 per cent last year. "Growth in the current fiscal year is likely to be lower, between 7 and 7.5 per cent, in a large measure due to the continuing uncertainty in

Market Highlights (% change)

as on February 3, 2012

	Last	Prev. day	WoW	MoM	YoY
Sensex	17605	0.99	2.15	10.45	-2.32
Nifty	5326	1.06	2.33	11.76	-1.69
INR/\$	48.72	-0.62	-1.37	-8.24	7.23
Nymex Crude Oil - \$/bbl	97.84	1.54	-1.73	-4.97	7.79
Comex Gold - \$/oz	1738	-1.08	0.35	8.64	29.73

Source: Reuters

Global rubber supplies seen tight on wintering

Natural rubber price will not see much fluctuation, though many countries are still under the shadow of economic uncertainties, according to Ms Sheela Thomas, Chairperson of Rubber Board. Rubber production will decline in the coming months due to wintering and dry season in major rubber growing regions. Thus global supply tightness will continue irrespective of recent decline in demand. India's position is stronger due to increasing domestic demand in tandem with the expected economic growth and rubber produced here is almost fully consumed in the domestic market itself, she said. Domestic production from April to December 2011 increased 4.3 per cent compared with the same period a year ago. (Source: Business Line)

Rain, snow forecast for J&K, Himachal next 2 days

The first month of the New Year has returned a surplus of 36 per cent in rainfall as a whole for the country, though spatial distribution leaves a lot to be desired. The rains so far have had a pronounced bias to the east of the country. Southern parts of north-west India, Gujarat and western Maharashtra still wallow in deficit. The IMD has forecast the possibility of heavy rain or snow over Jammu and Kashmir and Himachal Pradesh during the next two days. It also has retained the forecast for hailstorms at one or two places over Punjab, Haryana, Himachal Pradesh and Uttarakhand. Delhi and adjoining west Uttar Pradesh might get lashed by the hailstorm from Saturday itself, the IMD said. Rain or thundershowers may occur over Andaman and Nicobar Islands on Saturday. A few places over Tamil Nadu, Kerala and Lakshadweep too might come under rains during this period. (Source: Business Line)

Edible oil import bill may swell on lower production

India's edible oil import bill is likely to swell this year as there is likely to be a dip in oil seeds production. According to the second advance estimates of crop production for 2011-12, oilseed production is down from 32.48 million tonne in 2010-11 to 30.53 million tonne in this crop year. The country is importing around 9 million tonne edible oil a year. "Every year, there is an addition of 7-8 lakh tonne in the import of edible oil. This is not a good sign. Production has been stagnant or sometimes down for the last few years forcing oil extractors to work at 40-50% capacity," says BV Mehta, executive director, the Solvent Extractors' Association (SEA). He said the per capita consumption of oil is increasing by 3-4% per annum. "We need to have an addition of 2 million tonne oilseeds every year to keep a check on oil," he said. "Our oilseed productivity too is among the lowest in the world. As against an average productivity of 2,000 kg/ha, we are producing only 1,000 kg a ha," he added. (Source: Economic Times)

China to increase 12 mn t soybean crushing capacity in 2012 - CNGOIC

China the World's edible oil importer is expected to increase about 12MT of soybean crushing capacity this year - CNGOIC. It is likely to increase rapeseed crushing capacity by 3MT in 2012. China has already increased its oilseeds crushing capacity of more than 15MT in 2011. (Source: Agriwatch)



Agricultural Commodities

Guar Complex

Guar seed and Guar gum prices witnessed high volatility touching lower circuit of 2% initially and again bouncing back from the support levels and settled 2.93% and 2.46% higher on Friday. Robust export figures might support prices.

NCDEX postpones launch of August 2012 contract until further notice.

Total margin levied on the long side of Guar seed and Guar gum contracts stands at 72% which include cash margin of 60%.

Further to curb volatility, FMC on 11.1.12 took another measure to curb the rising price of Guar seed and gum viz- Cut in position limits w.e.f. FMC on 11. 1.2012 directed the exchanges to cut position limit in Guar seed by 20% for brokers and clients and in Guar gum by 40% for brokers. Position limit in Guar gum for clients remain unchanged.

Exports

Overseas demand for Guar gum is on rise mainly from oil well drilling sector. Apart from its use in oil drilling activities the largest market for guar gum is in the food industry. Food grade guar gum accounts for about 30% of a total Indian guar export. Situation for guar gum remains critical for food buyers; with oilfield service companies are getting priority from suppliers.

Exports of Guar gum from April to October 2011 stood at 3.48 lakh tn a rise of 75.8 % compared to 1.98 lakh tn during the same period last year (Source: Apeda dated 29th Jan, 2011). In 2010-11 fiscal, Guar gum exports were almost doubled to 4.03 lakh tonnes compared to 2.1 lakh tonnes in 2009-10.

Production

After harvesting a record 15 lakh tonnes of Guar crop in Rajasthan in 2010-11 season (Oct 10- Sep 11), output in the current season has declined to around 12.09 lakh tonnes (Second advance Estimates).

Despite higher production prices had touched record levels of Rs 4770 per qtl in 2010-11 on the back of robust exports which doubled from 2.1 lakh tonnes to 4.03 lakh tonnes in 2010-11.

In the current season 2011-12, which started in October 2011, output is estimated 25% lower than previous year, while exports continue to remain firm registering 75% growth during the first 7 months of FY 2011-12 (Apr 11-Mar -12). Further. Carryover stocks of Guar in the current season is at lowest levels around 1.5-2 lakh tonnes against normal 4-4.5 lakh tonnes.

Thus, with lower carryover stocks and drop in output, the supplies would not be sufficient in the long run if Guar gum export trend continue to remain the same as last year, thus supporting the upside rally in the longer term.

Outlook

Guar prices are expected to trade firm owing to robust export figures for Apr- Oct 2011. Also, lower stocks with the stockists are expected to control prices from falling sharply. It is advisable to trade with strict stop loss owing to high volatility.

Fears that FMC might continue its investigations related to high volatility and might take strict steps such as suspending brokers found guilty in manipulating prices might cap sharp gains.

Prices in the long term (April onwards) are expected to take cues from the First Long Range Forecast (LRF) on monsoon which will be released by mid of April and farmer's sentiments regarding sowing of the Guar crop this season.

Market Highlights

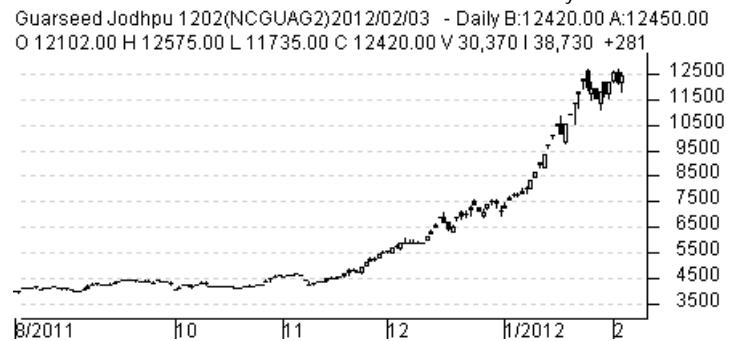
as on February 3, 2012

	Unit	Last	Prev day	WoW	MoM	YoY
Guar Seed Spot- NCDEX (Jodhpur)	Rs./qtl	11899	-1.17	1.56	59.10	330.71
Guar Seed- NCDEX Feb'12 Futures	Rs./qtl	12495	2.93	8.71	63.29	338.27
Guar Gum Spot- NCDEX (Jodhpur)	Rs./qtl	38760	-1.73	1.35	55.90	372.68
Guar Gum- NCDEX Feb '12 Futures	Rs./qtl	41023	2.46	7.17	61.66	399.37

Source: Reuters

Technical Chart - Guar Seed

NCDEX February contract



Source: Teleguote

Technical Outlook

valid for February 4, 2012

Contract	Unit	Support	Resistance
Guar Seed Feb Futures	Rs./qtl	11900-12150	12730-12900
Guar Gum Feb Futures	Rs./qtl	40000-40300	41700-42000



Agricultural Commodities

Pulses

Chana futures extended gains of the previous day and settled 0.70% higher on lower output of Chana according to the Second advance estimates released on February 03, 2012. Further, emergence of fresh demand at lower levels also supported prices to remain firm.

Although seasonality pattern is seen pressurizing prices at higher levels, fresh demand amidst negligible carry over stocks of last year may restrict sharp downside.

According to Second Advance estimates Pulses output is expected to fall by 5.26% to 17.29 mln tonnes as compared to 18.24 mln tonnes in 2010-11. Chana production is expected to decline by 6.8% to 7.66 mln tonnes as compared to 8.22 million tonnes in the last year.

Chana area till January 27, 2012 was lower by 4.11% and stood at 89.57 lakh hectares as compared to 93.41 lakh hectares in the same period previous year.

Crop progress and Production

Chana is the main Rabi Pulse crop grown in India, sowing of which is done during October-December, and harvesting begins in January. Sowing of Chana began on a brisk note; however, the progress was not satisfactory in Maharashtra, Karnataka, UP, Bihar and AP and thus acreage has declined drastically.

Further, unfavorable weather in Central and Southern India may lower Chana yield in the coming season. MP is the largest Chana producing state in India with more than 40% share in total production, followed by Maharashtra -12-14% and Rajasthan- 10-12%.

According to the Rajasthan farm department's first advance estimates for Rabi crops, Chana output is estimated 7.8% lower at 14.75 lakh tonnes in 2011-12 seasons against 16 lakh tonnes in 2010-11.

Maharashtra's 2011-12 Chana output is seen at 7.5 lakh tn, down 42%, while Karnataka's 2011-12 output is seen at 4.98 lakh tn compared to 6 lakh tn last year.

Indian government is targeting total pulses output of 17 mln tn in the current crop year that started July 2011, down marginally from last year's record production of 18.09 mln tn on account of 10% decline in Kharif Pulses output.

Although government has targeted higher Rabi Pulses output, it is difficult to achieve the same taking into consideration the sowing progress and prevailing weather conditions.

Outlook

Chana prices may extend earlier gains on account of fresh demand emerging at lower levels and lower crop estimates of pulses and Chana. Also, negligible carry over stocks from last season may support prices in the coming week.

Even if prices witness correction owing to commencement of fresh arrivals, it can be treated as a good buying opportunity.

Following the seasonality pattern, Chana prices decline during the peak arrival period (mid February-April) and start recovering gradually May onwards. We expect same seasonality pattern to occur this time too. However, price may not fall below 2800 levels, as this being the MSP.

Market Highlights

as on February 2, 2012

	Unit	Last	Prev day	% change		
				WoW	MoM	YoY
Chana Spot - NCDEX (Delhi)	Rs./qtl	3338	0.38	4.30	-1.60	24.66
Chana- NCDEX Feb '12 Futures	Rs./qtl	3300	0.70	4.43	-2.57	23.69

Source: Reuters

Technical Chart - Chana

NCDEX February contract

Chana Delhi 1202(NCCHAG2)201 2/02/03 - Daily B:3296.00 A:3297.00
O 3279.00 H 3313.00 L 3265.00 C 3296.00 V 66,440 I 98,870 +19



Source: Telequote

Technical Outlook

valid for February 4, 2012

Contract	Unit	Support	Resistance
Chana Feb Futures	Rs./qtl	3250-3265	3340-3365



Agricultural Commodities

Sugar

Sugar prices settled 1.07% higher on lower monthly quota and expectations government would soon give its decision on sugar decontrol and additional exports. Although, ISMA projected higher sugar output, market remained firm as prices are trading at very low levels.

According to ISMA, India produced 13.28 mn tn of Sugar in the first four month of the season that started in October 2011.

Government on 1st February 2012 approved sale of 14 lakh tn total non levy Sugar for the month of February including 1.5 lakh tn unsold quota of January 212. Total quota for the month of February stands at 16.1 lakh tn including 2.1 lakh tn of levy quota.

The Sugar directorate has issued release orders for exports of 700352 tn Sugar so far for the season started Oct 01.

India produced 10.45 mln tn sugar in the first three-and-a-half months of the season that began Oct 1, 19% higher than 8.77 mln tn a year ago.

Liffe as well as ICE Sugar futures settled 0.8% and 1.9% higher as investors remained cautiously optimistic after encouraging euro zone economic data.

Domestic Sugar updates

According to ISMA, Maharashtra, the country's largest sugar producer, is likely to produce 9 mn tn sugar in 2011-12 season, followed by UP at 6.8 mn tn and Karnataka at 3.8 mn tn.

Uttar Pradesh, India's largest cane producer, crushed 34.7 mln tn cane during the period Oct- 01 to 23rd Jan 2012 compared with 27.1 mln tn a year ago, it said. Though the quantum of cane crushing was higher, recovery was lower at 8.49% compared with 8.85% a year ago as crushing began early

With the opening stocks of 6 mn tn, domestic Sugar supplies are estimated at 32 mn tn against the domestic consumption of around 23 mln tn. Thus there is a wide scope for exports from India.

Global Sugar Updates

The global sugar surplus is forecast to more than halve into next season from forecast of 7.9 mn tn in 2011-12 to 3.2 mn tn in 2012-13 season, according to Reuters Poll.

The sugar-cane crush in main center-south producing region of top grower Brazil totaled 492.7 million metric tons in the 2011-12 season that started April 1 to Jan. 16, down 11.4% on the year, sugar-cane industry association Unica said on Thursday. No dramatic turnaround in the Brazilian crop is expected in 2012-12 as the fall in production last year was due mainly to an ageing cane crop which would continue this year. The impact of the weather phenomenon La Nina was a key variable, potentially affecting sugar supply. La Nina would exacerbate the dryness in the centre-south of Brazil, delaying crop maturation and crushing.

Outlook

Sugar prices are expected to remain firm on lower monthly quota and expectations of additional exports and sugar decontrol.

From long term perspective, prices are expected to take cues from the Sugar output estimates in the domestic market, change in government policies with respect to exports and International Sugar prices, which would be influenced by the supplies from Brazil, Thailand and India and demand from China.

Market Highlights

as on February 3, 2012

	Unit	Last	% Change			
			Prev. day	WoW	MoM	YoY
Sugar Spot- NCDEX (Kolkata)	Rs/qtl	3065	0.49	1.08	-1.13	2.17
Sugar M- NCDEX Feb '12 Futures	Rs/qtl	2920	1.07	2.13	2.78	9.53

Source: Reuters

International Prices

as on February 3, 2012

	Unit	Last	% Change			
			Prev. day	WoW	MoM	YoY
Sugar No 5- Liffe-Mar'12 Futures	\$/tonne	635.1	0.84	-0.41	0.46	-17.38
Sugar No 11-ICE Mar'12 Futures	\$/tonne	532.00	1.96	#N/A	-1.97	-23.17

Source: Reuters

Technical Chart - Sugar

NCDEX February contract

SUGARM200 1202(NCSAMG2)201 2/02/03 - Daily B:2917.00 A:2920.00
O 2902.00 H 2925.00 L 2890.00 C 2917.00 V 16,650 I 28,770 +28



Source: Telegquote

Technical Outlook

valid for February 4, 2012

Contract	Unit	Support	Resistance
Sugar Feb NCDEX Futures	Rs./qtl	2890-2900	2935-2945



Agricultural Commodities

Oilseeds

Soybean: Soybean futures traded lower on account of lower export demand of oil meal and lackluster demand of soybean from solvent extractors. Arrivals of soybean in Madhya Pradesh were 1 lakh bags on Friday as compared to 1.25 lakh bags Thursday, Maharashtra 60,000 bags and Rajasthan 25,000 bags (1 bag=100 kg). In Indore Mandi (auctioned), soybean quoted Rs 2,310-2,340 per 100 kg on Friday, down around Rs 25 /100 kg from Thursday. For plant delivery, soybean prices were quoted at Rs 2,400-2,450 per 100 Kg, down around Rs 20/100 Kg as compared to Thursday. Strength in INR against Us dollar also added bearish market sentiments as soy-meal export would be less attractive. USDA's weekly export sales report released on February 02, 2012 which shows that the Net weekly export sales for soybeans at 308,400 metric tonnes for the current marketing year and 60,000 for the next marketing year for a total of 368,400. Cumulative soybean sales stand at 75.8% of the USDA forecast for 2011/2012 (current) marketing year versus a 5 year average of 82.2%. Sales of 268,000 metric tonnes are needed each week to reach the USDA forecast. Meal sales came in at 74,700 metric tonnes as compared with a weekly average of 96,000 tonnes necessary each week to reach the USDA forecast. Oil sales were 6,700 metric tonnes as compared with 10,000 necessary each week to reach the projection.

Rape/mustard Seed: NCDEX April RM Seed traded lower on account of weak demand of rape/mustard seed and meal coupled with fresh arrivals of RM seed in some parts of Uttar Pradesh, Haryana and Rajasthan. Arrivals will be peak from mid of February in major producing areas. China restricted their imports of oil meal from India also added bearish market sentiments. Losses in other oilseeds and edible oil also provided support to the bears. However, for long term perspectives, RM seed are expected to trade higher on account of lower sowing acreage of RM Seed this year as compared to last year. According to PIB, as on January 27, 2012, total area under oilseeds cultivation is reported to be 84.35 lakh hectares against 93.15 lakh ha last year. Higher area has been reported under oilseed crops in Tamil Nadu (1.04 lakh ha), Jharkhand (0.63 lakh ha), Uttar Pradesh (0.51 lakh hectare), Gujarat (0.37 lakh hectare), and Assam (0.21 lakh hectare).

Refined Soy Oil: NCDEX February refined soy oil futures traded lower on account of weak overseas market as losses in CPO Futures at Bursa Malaysia Exchange, Malaysia. Lower export figures of Malaysian Palm Oil in the month of January as compared to previous month (December). As per SGS (cargo surveyor), Malaysian Palm Oil exports in the month of January 2012 fell to 1.29 million tonnes, down by 13% as compared to last month (December 2011). Strength in INR against Us dollar also added bearish market sentiments as edible oil imports would be cheaper as India imports about 50% edible oil of its total requirement. Imported CPO price were quoted lower at Rs 51,200/tonnes on Friday as compared to Rs 51,300/tonnes on Thursday.

Outlook: Oilseed complex are expected to trade lower on account of lower demand of oilseeds as lower export demand of domestic oil meals, China has put restrictions on import of oil-meal from India after it found contamination of malachite green in rapeseed meal. Strong gains in INR against US dollar are also in favour of the bears as edible oil imports would be cheaper and oil-meal exporters would get less return on oil meal exports. Arrivals of Rabi oilseeds in some parts of the country are also in favour of the bears.

Market Highlights

as on February 3, 2012

	Unit	Last	% Change			
			Prev day	WoW	MoM	YoY
Soybean Spot- NCDEX (Indore)	Rs/qtl	2464	-0.24	-1.79	-2.69	-0.77
Soybean- NCDEX Feb '12 Futures	Rs/qtl	2437	-0.10	-2.79	-5.60	-3.14
Ref Soyaoil Spot- NCDEX(Indore)	Rs/10 kgs	684	-0.57	-2.71	-8.82	6.58
Ref Soyaoil- NCDEX Feb '12 Futures	Rs/10 kgs	683.4	0.68	-1.99	-9.21	4.65

Source: Reuters

as on February 3, 2012

International Prices	Unit	Last	Prev day	% Change		
				WoW	MoM	YoY
Soybean- CBOT- Mar'12 Futures	USC/ Bushel	1233	1.27	1.11	2.84	-14.65
Soybean Oil - CBOT- Mar'12 Futures	USC/lbs	51.65	0.90	0.12	-0.84	-12.83

Source: Reuters

Crude Palm Oil

as on February 3, 2012

	Unit	Last	Prev day	% Change		
				WoW	MoM	YoY
CPO-Bursa Malaysia -Feb'12 Contract	MYR/Tonne	3052	0.73	-2.74	-2.18	-22.20
CPO-MCX-Feb '11 Futures	Rs/10 kg	513	-0.02	-1.37	-6.73	-12.77

Source: Reuters

RM Seed

as on February 3, 2012

	Unit	Last	Prev day	% Change		
				WoW	MoM	YoY
RM Seed Spot- NCDEX(Jaipur)	Rs/100 kgs	3281	-0.46	-5.41	-7.77	-76.56
RM Seed- NCDEX Apr '12 Futures	Rs/100 kgs	3255	-0.34	-2.75	-12.71	-78.44

Source: Reuters

Technical Chart -RMSEED

NCDEX April contract

RMSEED 1204(NCRMDJ2)2012/02/03 - Daily B:3252.00 A:3254.00
O 3261.00 H 3280.00 L 3235.00 C 3252.00 V 109,590 I 129,900 -14



Source: Telegquote

Technical Outlook

valid for February 4, 2012

Contract	Unit	Support	Resistance
Soy Oil Feb NCDEX Futures	Rs./qtl	675-677	686-688
Soybean NCDEX Feb Futures	Rs./qtl	2385-2400	2460-2480
RM Seed NCDEX Apr Futures	Rs./qtl	3200-3230	3280-3300
CPO MCX Feb Futures	Rs./qtl	506-508	516-518



Agricultural Commodities

Spices

Black Pepper

Pepper Futures witnessed short coverings and settled 2.69% higher on Friday. Spot prices traced the Futures and settled 0.23% higher yesterday. Fragile demand from the overseas and domestic buyers amidst lower arrivals is keeping the prices steady in the Spot markets.

Overseas buyers are following a wait and watch stance and are absent from the market.

Indian parity in the international market is being offered at \$6,625/tonne while Vietnam 550 GL was being offered around \$6,225/tonne.

Exports

According to Spices Board of India, exports of pepper during April 2011-November 2011 stood at 17,000 tonnes as compared to 11,850 tonnes in 2010-11, rise of 43.6%.

According to International Pepper Community (IPC) exports of black pepper during January to October 2011 from six major exporting countries (Brazil, India, Indonesia, Malaysia, Vietnam and Sri Lanka) was around 2.04 lakh tonnes a decline of 4.6% as compared to 2.14 lakh tonne in the same period last year.

Exports from Indonesia posted significant decrease of 40% as compared to previous year. Exports stood at 29,000 tonnes as compared to 48,500 tonnes in the last year.

During 2011, Brazil exported 32,676 tonnes of pepper a rise of 6% as compared to 30,786 tonnes in 2010. U.S. remained the major destination of the pepper imports, importing around 12,820 tonnes.

Production and Arrivals

Arrivals of pepper in domestic market stood at 7 tonnes amidst offtakes of 5 tonnes.

Global Pepper production in 2012 is expected to increase 7.2% to 3.20 lakh tonnes as compared to 2.98 lakh tonnes in 2011 with sharp rise of 24% in Indonesian pepper output and in Vietnam by 10%. Pepper production in Vietnam and Indonesia is projected at 1.10 lakh tonnes while that in Indonesia is projected to be 41 thousand tonnes. (Source: Financial Express). Domestic consumption of Pepper in the world is expected to grow by 3.03% to 1.25 lakh tonnes while exports are likely to grow by 1.48% to 2.46 lakh tonnes in 2012. (Source: Peppertradeboard)

On the other hand production of pepper in India in 2011-12 is expected to be scale down further by 5% to 43 thousand tonnes as compared to 48 thousand tonnes in the last year.

Outlook

Pepper prices in the intraday are expected to remain sideways to up due to improved buying at lower levels by the market participants.

In the short term (till February) prices are likely to take cues from fresh arrivals in the domestic market and Vietnam. Arrivals will gain momentum by mid of February in the domestic markets. This is likely to pressurize prices in that period.

In the medium to long term (March to April 2012) prices are likely to witness selling pressure as the global pepper production estimates are projected to be higher as compared to last year and fresh arrivals will be at peak in the domestic market. Prices in the international market of major origins will also determine price trend in the domestic market.

Market Highlights

as on February 3, 2012

	Unit	Last	% Change			
			Prev day	WoW	MoM	YoY
Pepper Spot-NCDEX (Kochi)	Rs/qtl	31028	0.23	-4.20	-7.14	35.76
Pepper- NCDEX Feb '12 Futures	Rs/qtl	30295	2.69	-6.80	-7.55	30.08

Source: Reuters

Technical Chart – Black Pepper

NCDEX February contract

Pepper Malabar 1 202(NCPEPG2)2012/02/03 - Daily B:30260.00 A:30295.00
O 29360.00 H 30365.00 L 29350.00 C 30295.00 V 1,748 I 4,510 +795



Source: Telegquote

Technical Outlook

valid for February 4, 2012

Contract	Unit	Support	Resistance
Black Pepper NCDEX Feb Futures	Rs/qtl	29500-29800	30680-31000



Agricultural Commodities

Jeera

Jeera prices after trading weak bounced back owing to short coverings by market participants and settled 3.21% higher on Friday. Favourable weather for jeera in the chief growing areas (Gujarat and Rajasthan) and thereby expectation of better output and yield led prices to remain weak on Thursday. Spot prices ended 0.42% lower yesterday.

According to Gujarat farm ministry, area sown under jeera till January, 18th 2012 stood at 3.682 lakh hectares (lh) up 50% as compared to last year while area covered in Rajasthan till date is expected to be 3.03 lakh hectares as compared to 3.30 lakh hectares in the same period last year. Carryover stocks of jeera is expected to be around 9-10 lakh bags as compared to 4-5 lakh bags in the last year.

Prices in the global markets of Indian origin are quoting around \$2,800-2,950/tn while Syrian origin is quoting at \$3,100-\$3,150/tn.

Production, Arrivals and Exports

Unjha markets witnessed arrivals of 5,000 bags while offtakes stood at 6,000 bags on Friday.

Production of jeera in 2011-12 is expected to be around 35 lakh bags as compared to 29 lakh bags in 2010-11. (Each bag weighs 55 kgs). (Source: spot market traders).

According to Spices Board of India, exports of Jeera during April 2011-November 2011 stood at 26,500 tonnes as compared to 20,750 tonnes in 2010-11, an increase of 27.7%.

Outlook

Jeera prices in the intraday are expected to witness rangebound trades on account of dull demand from the overseas and domestic buyers. Also, favourable weather conditions and thereby better crop expectation may support bears in the market.

In the long term (March to April 2012) prices are likely to take cues from the crop growth status and weather in the growing regions. According to earlier crop estimates output is expected to increase by 20%. This might pressurize jeera prices in the above mentioned period.

Turmeric

Spot prices settled 0.27% lower on Friday on account of improved arrivals in the domestic market. However, Futures witnessed short coverings and settled pressure at resistance levels and settled 0.30% higher yesterday. Fresh arrivals are improving which are likely to pressurize prices in the coming weeks.

Production, Arrivals and Exports

Arrivals in Nizamabad and Erode mandi stood at 5,000 bags and 7,000 bags respectively on Friday.

Turmeric production for the year 2011-12 is projected at historical high of 82 lakh bags (1 bag= 70 kgs) compared to 69 lakh bags in 2010-11. Erode is expected to produce 45 lakh bags of turmeric a rise of 29% as compared to previous year.

According to Spices Board of India, exports of Turmeric during April 2011- November 2011 stood at 58,000 tonnes as compared to 35500 tonnes in 2010-11, rise of 56%. Targets set by the Spices Board have already been met till October 2011. Exports are expected to touch new historical levels in 2011-12.

Outlook

Turmeric prices in the intraday are expected to remain sideways to up due improved buying by the market participants.

In the medium to long term (February last week onwards to April 2012) prices are expected to witness selling pressure owing to fresh arrivals from the domestic market.

Market Highlights

as on February 3, 2012

			% Change			
	Unit	Last	Prev day	WoW	MoM	YoY
Jeera Spot- NCDEX(Unjha)	Rs/qtl	15093	-0.42	-4.62	-6.84	2.05
Jeera- NCDEX Feb '12 Futures	Rs/qtl	14766	3.21	-2.82	-12.12	-3.87

Source: Reuters

Technical Chart – Jeera

NCDEX February contract

Jeera Unjha 1202(NCJEEG2)2012/02/03 - Daily B:14770.00 A:14785.00
O 14377.00 H 14859.00 L 14280.00 C 14771.00 V 9,771 I 10,056 +464



Source: Teleguide

Market Highlights

as on February 3, 2012

			% Change			
	Unit	Last	Prev day	WoW	MoM	YoY
Turmeric Spot- NCDEX (N'zmbad)	Rs/qtl	4725	-0.27	-1.81	-9.08	-60.27
Turmeric- NCDEX Apr '12 Futures	Rs/qtl	4628	0.30	0.56	-4.77	-50.76

Technical Chart – Turmeric

NCDEX April contract

Turmeric Nizamb 1204(NCTMCJ2)2012/02/03 - Daily B:4626.00 A:4632.00
O 4570.00 H 4640.00 L 4560.00 C 4626.00 V 1,810 I 9,925 +12



Source: Teleguide

Technical Outlook

valid for February 4, 2012

	Unit	Support	Resistance
Jeera NCDEX Feb Futures	Rs/qtl	14400-14550	15100-15250
Turmeric NCDEX Apr Futures	Rs/qtl	4530-4570	4680-4720