



8 February 2010



## WEEKLY REPORT AGRICULTURE COMMODITIES

8 February – 13 February

### Highlights for the week

- Guar seed may recover
- Edible oils still looks weak, but lower side is limited
- Sideways in spices

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## Weekly Agri commodities report

### Spices

#### Market Review

##### Pepper

Pepper futures hit severe setback last week as prices plummeted more than 8percent on heavy selling pressure. New arrivals and low overseas as well as domestic demand push down pepper prices. Actively traded March contract nosedived to a weekly low of 12990rupees from the recent high of 14150 rupees per quintal.

##### Jeera

Jeera futures recovered marginally in the initial days of the week after sharp decline of over four weeks, but ended the week on negative note. The March NCDEX futures made high of Rs12520 and ended lower at Rs11835 levels. Lack of selling pressure at these lower levels limited further fall in futures despite weak spot market sentiments. Spot price of new crop was steady around Rs2000-2200 per 20 kgs (farmer price).

##### Turmeric

Turmeric futures extended weakness despite firm spot markets. The active contract April NCDEX fell from high of Rs7090 and posted lowest weekly close since October 2010 at Rs6809 per quintal. However, spot prices of new crop remained firm at Rs9000-10000 per quintal despite thin trading activities. Daily inflow of new crop increased to 5000 bags at Nizamabad.

#### Previous week's movement

#### Futures price movement

	Open	High	Low	Close	% Change
Pepper Feb NCDEX	13452	13865	12726	12798	-5.18
Jeera Feb NCDEX	11650	12280	11536	11589	-0.72
Turmeric April NCDEX	7233	7233	6775	6809	-5.89

#### Spot price movement

	Open	High	Low	Close	% Change
Pepper	13717.80	13869.30	13533.70	13533.70	-1.60
Jeera	12215.80	12314.10	12103.80	12103.80	-0.99
Turmeric	10748.40	10748.40	10149.05	10149.05	-4.65

# Weekly Agri commodities report

## Fundamental factors and outlook

### Pepper

- Indian pepper imports in first nine months of fiscal year through March up 58percent on year at 14,250 Mt.
- Spot pepper fell more than 400 rupees to Rs. 13,200 rupees per 100 kg in Kochi.
- As on 05th February 2010 total NCDEX warehouse stock stood at 4211 MT.
- Slow down in US pepper imports due to reports of the imported pepper from some Asian countries was contaminated with Salmonella.
- Major overseas buyers waiting for the Vietnam crop, which is expected to arrive in March.
- According to IPSTA, average daily arrivals at Kochi during last week stood at 16.5tonnes.

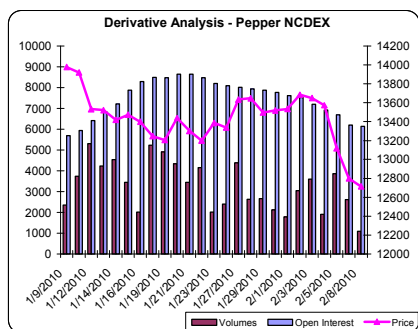
### Jeera

- Daily arrivals reported around 4000-5000 bags and expected to increase further in coming days
- Meanwhile, cloudy weather in parts of Gujarat and Rajasthan may threaten the standing crop in these two states
- As per market sources, current season output is estimated at 35 lakh bags, but final output figures is arrived only in March
- Export demand remain weak for most of the spices including jeera, which may keep prices under pressure in short term
- For the week ahead, futures may recover marginally following cloudy weather conditions in growing regions

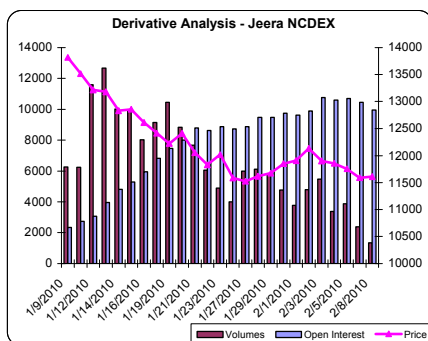
### Turmeric

- Daily arrivals of fresh produce erported around 4000-5000 bags at Nizamabad, but with high moisture content and spot prices are quoting at Rs9500-10000 per quintal
- Arrivals are expected to improve in coming days, which may pressurize the spot prices
- Meanwhile, futures are already trading at discount of Rs2500-3000 per quintal that can limit major fall in futures prices in short term
- Output is estimated at 48-50 lakh bags in this season against 42 lakh bags in last year
- For the week ahead, turmeric futures may remain under pressure, however, major fall may not be seen due to premium spot markets

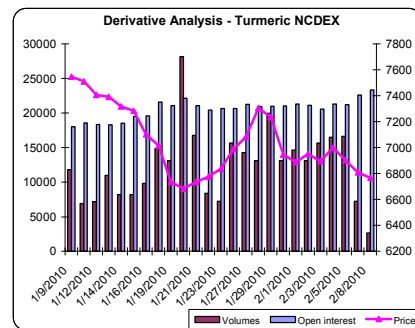
PVO analysis- Pepper



PVO analysis – Jeera



PVO analysis – Turmeric



## Weekly Agri commodities report

### Edible oils

#### Market Review

After eight consecutive weeks decline, soy bean futures closed on positive note in the last week, mainly on short covering. At NCDEX, March futures bounced back from new contract low of Rs2025 and ended at Rs2100 levels. Soy oil NCDEX March futures also recovered from new low of Rs444 to close at Rs462 levels. At CBOT, soy bean futures made lowest since September 2010 that is 900 cents, but short covering towards week end pushed prices to close higher at 913 cents.

#### Fundamentals factors and outlook

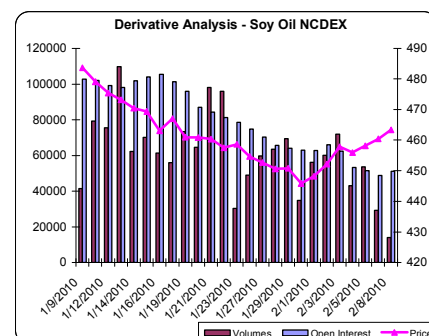
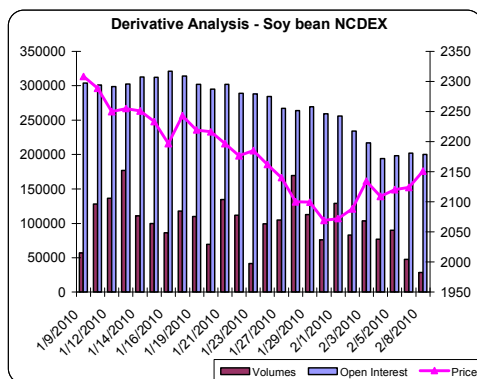
- Market is watching for USDA report to be released today, where market is expecting lowering of US stocks of soy bean
- Fresh crop supply from Brazil and Argentina and fall in export demand from US are expected to keep prices under check
- As per market sources, mustard seed output in India may drop by 5% to 59 lakh tonnes against 62 lakh tonnes in last year
- Peak arrivals of rabi edible oil seeds like mustard seed may have bearish impact on soy complex
- Meanwhile, fall in arrivals of soy bean and lack of selling from stockiest at these lower rates may support soy bean prices
- Soy meal prices have fallen to Rs17000 per tonne on fall in export demand in last few months
- Long term sentiments remain bullish in soy complex, however, prices are likely to stabilize in broad range in short term
- For the week ahead, soy bean and soy oil futures may extend gains on bargain buying at lower levels

#### Futures movement

	Open	High	Low	Close	% Change
Soy bean Feb NCDEX	2090	2141	2038	2124	1.17
Soy oil Feb NCDEX	451	464	441	460	2.13
RM seed April NCDEX	484	500	468	482	-0.88

#### Spot price movement

	Open	High	Low	Close	% Change
Soy bean	2052.00	2122.00	2042.00	2122.00	2.27
Soy oil	445.75	457.55	441.60	457.45	2.62
RM seed	498.10	524.00	496.15	514.20	2.91



## Weekly Agri commodities report

### Chana and Guar seed

#### Market review

Chana futures posted biggest weekly for the first time in 2010. The active futures March NCDEX failed to break previous contract low of Rs2214 and recovered towards Rs2345 and ended at Rs2300 levels. Short covering on recent fall and lack of selling pressure from farmers supported marginal gain in prices even as fundamentals remained bearish. The spot prices at Delhi remained steady around Rs2200 per quintal.

Guar seed futures ended on positive note after four weeks fall. The active futures March NCDEX recovered from Rs2345 levels to close above Rs2400 levels. Recovery in most of the commodities and bargain buying at lower levels supported gains in guar seed futures. Spot prices remained firm at Rs2350-2400 levels.

#### Fundamentals factors and Outlook

##### Chana

- Arrivals are expected to improve further from Madhya Pradesh, Maharashtra and Andhra Pradesh
- Spot prices have already fallen below Rs2000 levels, but farmers are not willing sell at these lower levels
- Prices of other pulses like tur and urad have recovered marginally after huge decline in last one months
- Medium term sentiments remain weak due to increasing arrivals and higher output estimates
- Meanwhile, cloudy weather in Rajasthan and other northern growing states may threaten the standing crop
- For the week ahead, chana futures may recover marginally due to short covering, however, fresh selling may emerge at higher levels

##### Guar seed

- Export demand for guar gum has improved marginally after sharp fall over Rs1500 per quintal from recent highs
- Meanwhile, demand from meal sector remain steady due to fall in export demand for most of the edible oil seed meals
- Arrivals remain lower around 5000 bags per day across major spot markets
- For the week ahead, guar seed futures may recover further due to improved demand for guar gum

#### Futures movement

	Open	High	Low	Close	% Change
Chana Feb NCDEX	2203	2265	2161	2228	1.41
Guar seed Feb NCDEX	2365	2453	2316	2411	2.38

#### Spot price movement

	Open	High	Low	Close	% Change
Chana	2250.00	2288.35	2231.25	2288.35	3.55
Guar seed	2378.25	2422.05	2366.95	2408.05	2.74

