

Wednesday, July 30, 2008

[alimhd@rathi.com](mailto:alimhd@rathi.com)

## Jeera

Exchange : Ncdex

Month : October

Risk : **Moderate**

SELL: On every rise

Target Price: Rs.  
13,050-12,750

### Contact Us

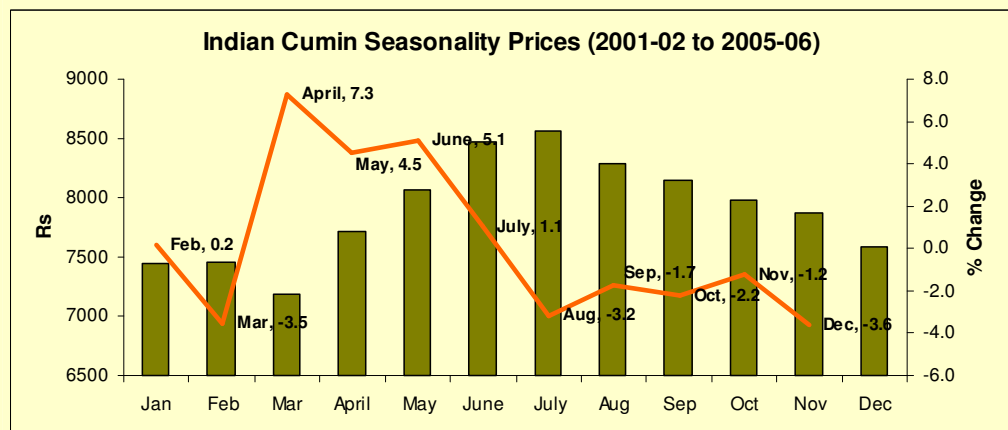
[www.rathi.com](http://www.rathi.com)

2<sup>nd</sup> floor, Victoria House,  
Kamala Mill Compound,  
Pandurang Budhkar Marg,  
Lower Parel (W), Mumbai –  
400016. INDIA

Ph: +91-22-6626 6656

## Fundamental Scenario

- In our previous Trade Update we had mentioned about last leg of BULL RUN in Cumin prices and expected October futures to breach Rs.14,200 levels. This was very much in line of our expectation and achieved our target as prices made the high of Rs.14,507 on 21st July'08 and after which prices come down heavily to 13,190 down by 9%.
- Furthermore, we had mentioned that Indian Cumin prices have always topped out during the month of July. And since we are nearing end of July we expect prices should remain upbeat until early August and after which it should start its downside. As evident from the chart below prices during the month of August have declined by 3.20% during the period 2001-02 to 2005-06.



- On the fundamental side arrivals have declined in the spot market from 18,000-20,000 bags to just 5,000-7,000 bags on daily basis at the start of the week. This would decline further to 3,000-4000 bags. And even crop from Syria and Turkey is not expected upto to the mark and have been entering the local markets in small quantity. Production in both the countries expected to be lower at 18,500-19,000 tones and 7,000 tones respectively. This is primarily due to abrupt weather condition witnessed during maturing stage.
- As a result of which India become only source of supply to the global markets. This was witnessed in export figures which were released recently; exports of cumin grew four times during April-June due to strong export demand. The country exported about 15,000 tones, compared with 3,950 tones a year-ago.

- Even though fundamentals are still bullish we expect prices to correct in the month of August. Firstly on the back of seasonality analysis which shows that prices has always topped out in July and Secondly most of the overseas buyers must have completed their buying as witnessed from the export figures released recently. At present prices are very lucrative and we can expect stockiest would try to offload their stocks to benefit from price rise. This would pressurize the prices in spot front which in turn will be replicated in futures counter as well.
- On the back of above mentioned reason we expect October future to show some upside up to Rs.13,750- 13,800 levels, maximum it could breach Rs.14,000 levels and after which it should start its downtrend as per seasonality trend we expect prices to drift down to Rs.13,050-12,750 levels.

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