

WHEAT

Strategy - **BUY**

Buy July contract in the range 1230-1234 TP 1260 then 1274 SL 1215

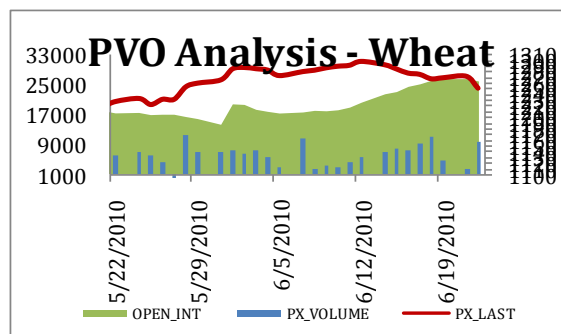
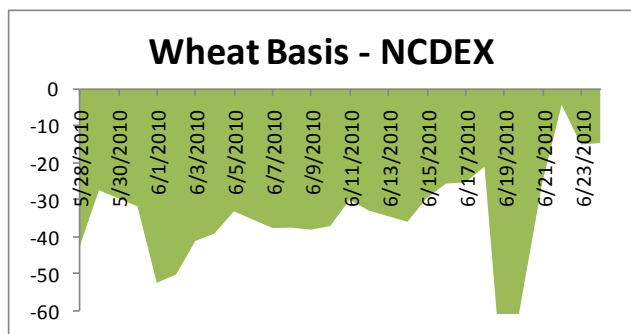
The wheat futures on NCDEX showed a positive trend during early part of last week on account of short covering from penultimate week's fall. Speculative buying on reports decline in production also led the prices to show positive trend. But, in later part of the week, prices reversed its trend and tumbled marginally. Emergence of fresh selling and government's decision to release 5 million tonnes of wheat in open market to tame the inflation. Off-loading of stock by state-agencies to clear off their storage space led the prices to drop.

Futures prices

Exchange	Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
NCDEX	Jul-10	1243.00	1253.00	1220.20	1237.00	-0.45	33440	10.84	22890	-12.30
MCX	Jul-10	1221.90	1254.80	1216.90	1223.30	-0.54	80	-33.33	100	0.00

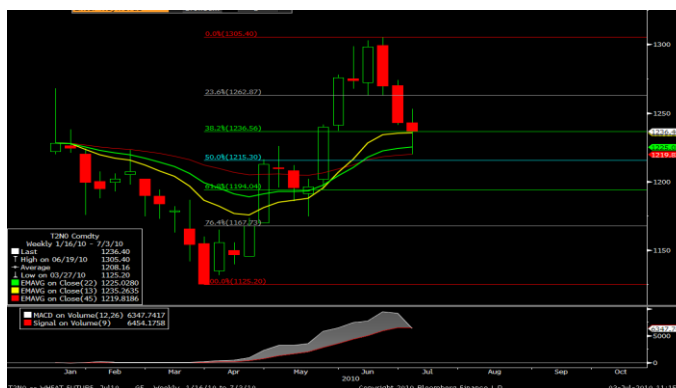
Outlook:

Wheat futures are expected to trade on a positive note during the week ahead. It is expected government might allow export as the stocks are huge. As a result of huge stock, government procurement this year is low compared to last year. Stockists are expected to buy wheat from both spot and futures market on hopes that government might allow export of wheat. During April 1 to 30th June, Food Corporation of India procured 22.49 million tonnes of wheat, down by 9% in the same period last year. According to FCI sources, they are having an estimated storage space for storing 7.12 million tonnes but around 12 million tonnes of wheat is lying in open space. Though the government has decided to release 5 million tonnes of wheat in instalment, it may not have long term effect.



Technical Analysis

The NCDEX July contract wheat future traded lower initially and made a low of 1220.20 levels. After testing a weekly low, prices recovered and settled at 1237 levels. Closing of the previous week's candle resembles "Hammer" pattern (reversal in nature) and is suggesting that market might trade higher during this week. On lower side, crucial support is seen at 1215 levels (50% retracement of the range 1305.4-1125.2 levels). If the market sustains above this level, we may see a positive trend.



CHANA

Strategy - **SELL**

Sell July contract in the range 2225-2230 targeting 2170 then 2140 with stop loss at 2278.

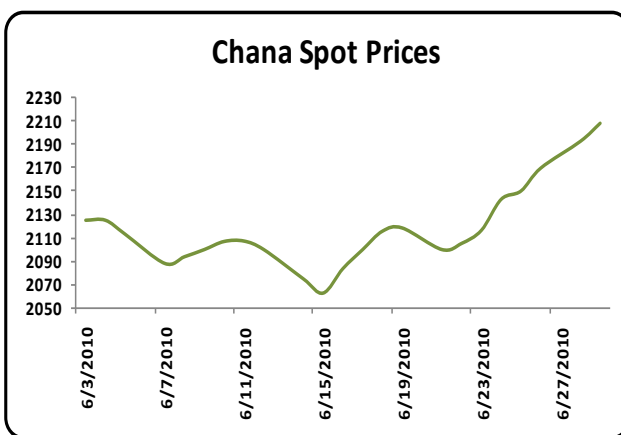
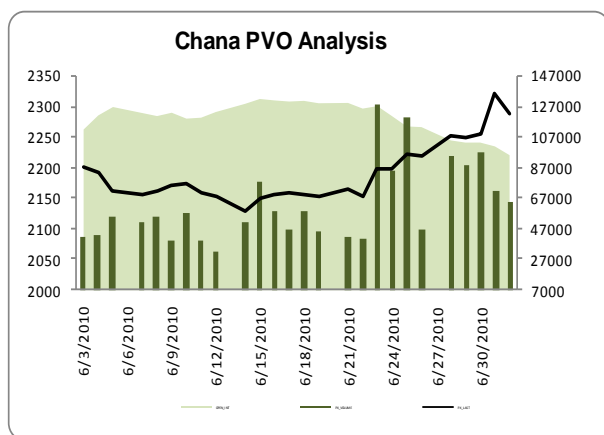
The chana futures showed a positive trend during early part of last week on speculative buying. Traders and investors bought futures on concern of kharif pulses due to poor monsoon activity. But, later market reversed on profit booking and emergence of fresh selling. During the week, the kharif pulses sowing picked gradually following active rainfall in key growing regions. Higher arrivals to the spot markets also had a bearish impact on the market.

Futures prices

Contract	Open	High	Low	Close	%Change	Volume	%cChange	Open Intere	%change
June	2222	2276	2204	2207	-0.54	443360	-4.77	100270	-12.11
July	2280	2334	2267	2271	-0.22	388440	44.26	95670	6.82
August	2332	2375	2375	2315	-0.17	62800	44.83	31930	20.86

Outlook

Chana futures are expected to trade lower note during the week ahead on selling pressure backed by bearish fundamental factors. Forecast of good rains in major growing regions is likely to boost the kharif sowing in mahar areas. According to IMD, Southwest monsoon has covered most part of India except Rajasthan. Earlier monsoon was delayed resulting to slow pace of sowing. Domestic kharif pulses area till date is reported down at 5.146 lakh hectares compared to 5.185 lakh hectares during the same period last year. Area under Tur (Red Gram) is reported at 1.453 lakh hectare against 1.464 lakh hectares during the same period last year. While Urad (Black Gram) is reported at 0.646 lakh hectares compared to 0.504 and moong acreage is reported at 2.253 lakh hectares compared to 2.407 lakh hectares in the same period last year.



Technical Analysis

Chana July future prices initially traded higher and after making a high of 2276 levels prices settled lower at 2207 levels. Closing of the previous week's candle resembles "Doji" pattern suggesting indecisive movements for this week. As per the Fibonacci principle, market is witnessing a resistance is at 2235 levels (23.6% retracement of the range 2119-2614 levels) sustain below the same likely to push the prices lower for this

week. Trading below the weekly short term (13, 22) EMA suggests market to remain lower. In case market breaches the resistance at 2235 likely to move in the band of 2235-2308 levels. We expect prices to trade lower and recommend selling if market sustain below the 2235 levels.



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