



22-27 November 2010

CHANA

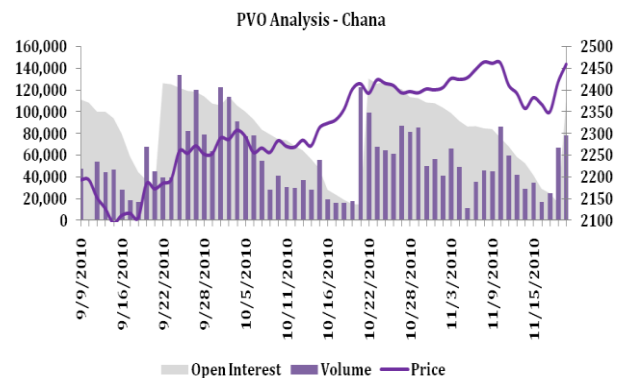
Strategy: Sideways

The chana futures traded on a positive note last week. After opening higher, prices witnessed a smart correction due to roll over of positions ahead of expiry of near month contract, however, later prices recovered on fresh buying on expectation of revival in demand. Depleting stock level in major markets and pick up in demand drove the prices to trade higher. Delay in sowing activity due to incessant rains also lent support to the market. Stockists and retailers were actively buying across the spot markets which kept the prices around ₹2430/quintal against ₹2400/quintal quoted in penultimate week.

Contract	NCDEX (Rs/Quintal)									
	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Dec-10	2401.00	2464.00	2397.00	2459.00	2.08	381350	-31.59	110350	-1.25	
Jan-11	2449.00	2530.00	2447.00	2524.00	2.73	136250	37.33	68730	114.05	
Feb-11	2477.00	2494.00	2440.00	2491.00	1.88	6190	-53.91	7890	-0.63	

Outlook

Chana futures prices are anticipated to witness thin trading on mixed fundamentals. Sowing progress which was hampered across Madhya Pradesh will gain momentum in the current week. However, in Rajasthan 64% of sowing has been done. The area has almost doubled to 879000 ha compared to 403000 ha in Rajasthan as on 11th November. Sowing in South Indian is almost completed. The stock levels across north India were reported around 10 lakh bags which would be insufficient to meet the demand till the arrivals start. As per the trade sources, the arrivals across south India is likely to be delayed by month and hit the market only by February due to slow pace of the sowing initially. According to Andhra Pradesh Agriculture Department, as on 17th November area under chana is down 19.6% compared to same date last year.



Technical Analysis: Chana settled higher by gaining more than 2.2% from the last week's closing of 2404. In weekly chart, a long white candle stick formation is indicating an uptrend but the volume is not up to the mark. The momentum oscillator RSI (14) is at 0.62 indicating an upside potential for commodity. For the coming week we expect chana prices to remain sideways with upward bias.



Guar Complex

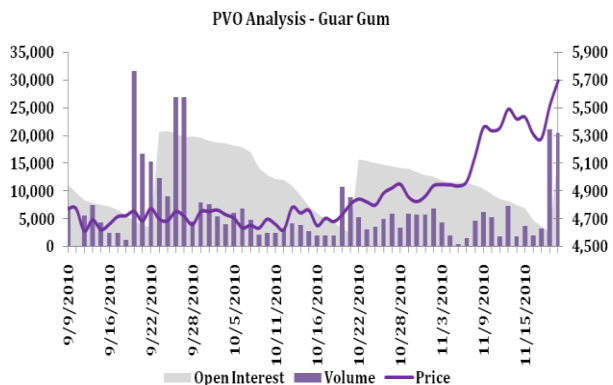
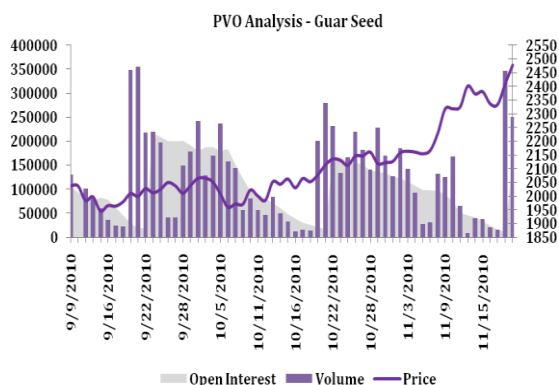
Strategy: **BUY (December)**

Recommendation: **Buy in the range of 2480-2500 TP 2565/2580 SL 2445**

Review

The guar seed and guar gum futures retained the uptrend last week after some profit booking initially. Good demand popped up across the spot markets as arbitragers were active on increase in arrivals which in turn had positive impact on the futures. Fresh buying emerged extensively in the later part of the week which initiated the uptrend in the prices and kept it in tact. Strong bullish fundamental factors like robust demand for gum, churi and korma from the local traders and the exporters helped the prices to move towards north. The revised production estimates of the 70-80 lakh bags after factoring the 20% of the crop losses that occurred during September end also influenced the prices positively.

		NCDEX (Rs/Quintal)									
		Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Guar Seed	Dec-10	2410.00	2482.00	2359.00	2477.00	2.78	1372650	-36.15	159470	-1.23	
	Jan-11	2446.00	2521.00	2399.00	2516.00	2.74	250110	19.44	91120	34.32	
	Feb-11	2496.00	2556.00	2389.00	2519.00	1.49	2830	-8.71	2680	34.67	
Guar Gum	Dec-10	5482.00	5712.00	5352.00	5693.00	3.92	80090	-2.95	16990	-38.59	
	Jan-11	5569.00	5809.00	5376.00	5793.00	4.34	5793	190.94	37270	60.23	
	Feb-11	5641.00	5831.00	5375.00	5831.00	4.39	660	-70.74	535	55.07	



Outlook:

Guar seed and guar gum future are anticipated to extend the positive trend on strong bullish fundamentals. The sustained good demand in the spot market in the near term shall support the prices to gain. The harvesting has come to an end across all major growing areas of Rajasthan and Haryana. The increased arrivals shall also attract the guar gum manufacturers and exporters to meet their requirements. The perishability of guar seed is very low unlike other agri commodities, which is why stockists buying follows through the arrivals season. On good global demand, the exports are estimated to increase by around 20% and support the uptrend in prices.

Technical Analysis

Guar seed December future settled higher at 2477 levels last week. Weekly chart of guar seed December is still looking bullish. A long white candle stick formation indicates that the uptrend in the market might be continuing for the coming week also.

Prices are sustaining well above the upper trend line of the long term trend channel shown in the white color in the weekly chart above. An EMA cross over is spotted in the weekly chart as medium term EMA-45 is at 2244 and short term EMA-8 is at 2297. This suggests that the trend is likely to remain bullish for the coming week. RSI (14) is trading at 0.64 indicating upside potential for the commodity. For the coming week we expect prices to go up and therefore recommend to go long.



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