



06-11 December 2010

CHANA

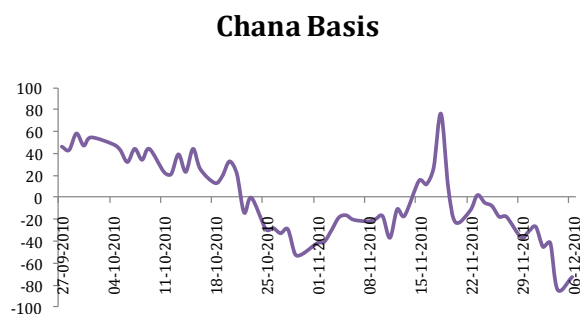
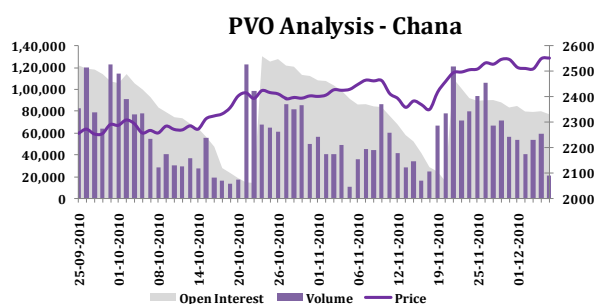
Strategy: **BUY**

Recommendation: *Chana NCDEX Dec- Buy above 2551 TP 2620/2650 SL 2490*

The chana futures traded on a weaker note in early part of last week on profit booking and based on weak fundamental factors. Improvement in sowing of Rabi chana during the week had a pressure on the market. Chana acreage in Rajasthan rose 55% Y/Y resulting into weak trend for the prices. The arrivals of tur also exerted pressure on the prices of chana at the spot initially. Later on the good buying from the millers ahead of the marriage season supported the prices to close the week in green.

Contract	NCDEX (Rs/Quintal)								
	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-10	2523.00	2563.00	2496.00	2549.00	0.87%	335630	-0.38	77780	-12.15
Jan-11	2587.00	2622.00	2558.00	2614.00	1.20%	270860	-0.20	109190	13.09
Feb-11	2537.00	2594.00	2527.00	2588.00	1.61%	17330	0.04	12550	16.53

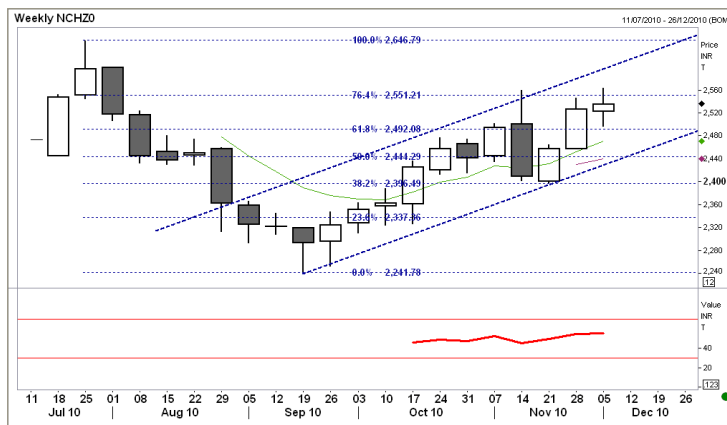
Outlook



Chana futures prices are expected to continue the positive trend on bullish fundamentals. Millers are buying to meet the marriage season demand. According to the trade sources the stocks levels are considerably low to meet the demand till February. The imports from Australia and Canada are also not likely to be around 2 lakh tons as expected because of the decline in production due to crop damage. According to the central agriculture ministry, so far area sown under chana is down by 2.97% to 7.05 million hectares compared to 7.27 million hectares a year ago as on 3rd December 2010. In Andhra Pradesh also area under chana is down 10.34 % Y/Y to 5.2 lakh hectare as on 1st December. As on 29th November 2010, acreage of chana in the Rajasthan has increased by 55% Y/Y to 11.81 lakh hectares. Slower pace of sowing, robust physical demand and shrinking stock level is likely to support the chana to continue its Bull Run in the week ahead.

Technical Analysis:

Chana December future prices traded sideways to higher last week by extending the previous weeks gains. After making a high of 2563 it settled at 2549 levels. Closing of the weekly candle renders indecisive movements for this week. As per the fibonacci principle market is witnessing a stiff resistance at 2551 levels 76.4% retracement of the range 2646-2241 levels. A significant break above the same leads the prices to gain till 2600 then 2640 levels. In case market fails to breach the resistance at 2551 levels is possible to move in the band of 2590-2551 levels for this week. Indicator analysis suggests upside potential as the market is trading well above the weekly short term EMA, RSI (14) weekly is at 0.55 levels and showing a higher potential. We expect prices to trade sideways to higher and recommend buying on break of 2551 levels.



Trading range

	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX Chana	Dec-10	2469	2509	2549.00	2576	2603
	Jan-11	2534	2574	2614.00	2638	2662
	Feb-11	2503	2545	2588.00	2612	2637

Guar Complex

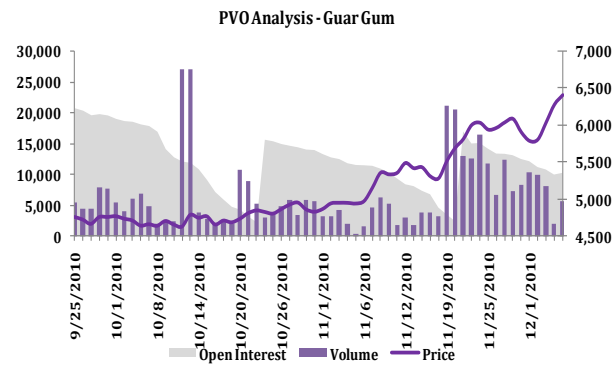
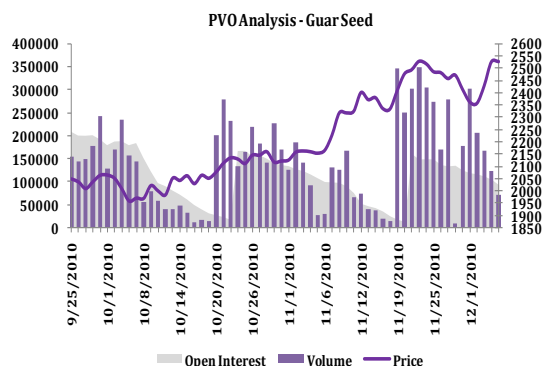
Strategy: **BUY**

Recommendation: Guar seed NCDEX Dec- Buy in the range 2490-2500 TP 2590/2630 with SL below 2430

Review

The guar seed and guar gum futures traded on a weaker note in early last week on extended profit booking and speculative selling at higher levels. Higher arrivals and lack of active buying at higher levels led the prices to tumble in early last week. However, in later part of the week, prices recouped from weekly low on emergence of fresh buying supported by bullish fundamental factors. As the week progressed, arrivals pressure eased a bit and resumption of active buying from guar gum manufacturers and traders led the prices to rebound from weekly lows. The export demand for ready guar gum increased across the spot markets.

		NCDEX (Rs/Quintal)									
		Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Guar Seed	Dec-10	2474.00	2526.00	2336.00	2526.00	2.77%	1164240	-0.31	91780	-31.64	
	Jan-11	2510.00	2568.00	2377.00	2568.00	2.88%	995170	0.46	136720	47.57	
	Feb-11	2554.00	2606.00	2407.00	2606.00	3.09%	18470	0.00	9180	62.77	
Guar Gum	Dec-10	6110.00	6285.00	5731.00	6285.00	4.02%	44505	-0.39	10285	-21.76	
	Jan-11	6225.00	6387.00	5821.00	6387.00	4.09%	6387	-0.22	41355	6.68	
	Feb-11	6296.00	6505.00	5930.00	6505.00	4.70%	12250	0.94	8515	179.18	

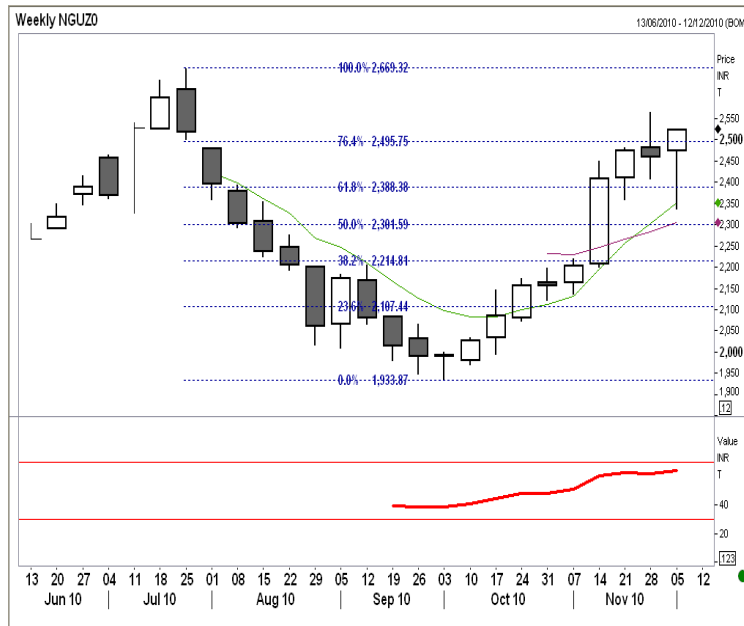


Outlook:

Guar seed and guar gum futures are anticipated to trade positive on strong fundamentals. The expectation of the increase in total crude oil inventory is directly related to the increase in demand for the guar gum as it is used in the refining process. Rapid buying by the stockists and guar gum manufacturers is also supporting the uptrend. Even the rumor about the decrease in the productivity of the guar crop is likely to prompt more buying by stockists though the arrivals are lower. The possible reasons for this are the unseasonal rains during the harvesting. However no statistical figures are available about the crop damage yet. According to trade sources, the production is likely to be around 80 lakh bags only. The exports are estimated to be higher than 2.5 lakh bags on strong global demand. The demand for the ready guar gum is reported higher than the guar seed which can also increase the ratio between the two. The export enquiries in spot strongly support the prices at the futures as the duration of extraction of guar gum from guar seed is around 25-30 days.

Technical Analysis:

Guar seed December future prices initially traded lower by extending the previous trend. After making a weekly low of 2336 it took reversal and settled higher at 2526 levels. Candlestick principle suggests upside potential to be continued for this week. Market has breached the resistance at 2497 levels and currently trading higher above the same suggests bullish view for this week. The next immediate resistance is at 2565 levels on breach and sustained trade above the same is likely to extend its gains till 2670 levels. Moving average principle suggests bullishness for the coming week as the market is trading well above the weekly short term EMA (8, 21). The supports are at 2430 then 2380 levels sustain above these support levels would lead the market to remain higher. We expect prices to trade higher and recommend buying.



Trading range

	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX Guar Seed	Dec-10	2273	2399	2526	2589	2653
	Jan-11	2313	2441	2568	2632	2695
	Feb-11	2341	2473	2606	2672	2739
NCDEX Guar Gum	Dec-10	5546	5916	6285	6470	6654
	Jan-11	5632	6010	6387	6576	6764
	Feb-11	5738	6122	6505	6697	6888

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