



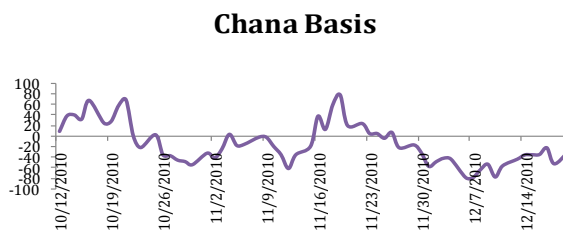
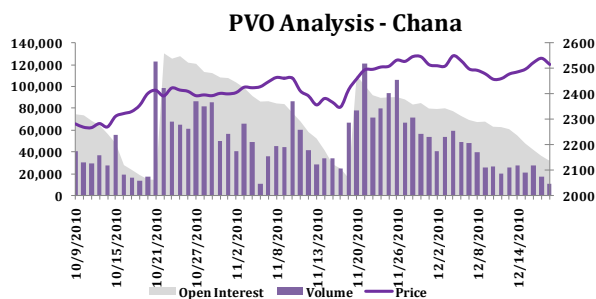
20-25 December 2010

CHANA

Strategy: Sideways

The chana futures traded positive through out while it ended the week in red on profit booking. Prospects of sowing have been good across the major growing areas rising hopes of higher production. The spot market activities were sluggish as the prices were quoted higher at Rs.2450/quintal. The export consignments from Australia have also not arrived as expected which supported the prices in the spot. Later on due to profit booking the prices closed the week in red.

Contract	NCDEX (Rs/Quintal)					Volume	% Change	Open Interest	% Change
	Open	High	Low	Close	% Change				
Dec-10	2460.00	2547.00	2457.00	2515.00	2.24	130320	-37.73	32430	-48.65
Jan-11	2525.00	2577.00	2520.00	2532.00	0.52	318410	-7.84	118830	7.21
Feb-11	2543.00	2585.00	2528.00	2532.00	-0.31	57510	46.78	25840	60.20

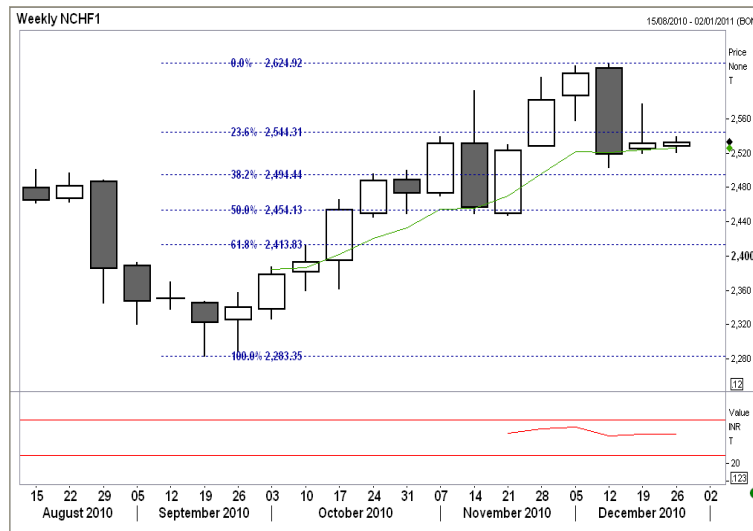


Outlook:

Chana futures prices are expected to extend the positive trend on bullish fundamentals. The decline in the imports from Australia and Canada has left the room for the prices to increase. The imports are expected to drastically drop by 50-60 % from 2 lakh tons we imported last year. According to the trade source, the stocks across the spot markets are much lesser at 5 lakh bags. The marriage season to start off from January shall support the prices across the spot markets due to less availability of chana. According to the central agriculture ministry, area under chana has dropped 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 area under chana has decreased 15% Y/Y to 5.4 lakh hectare as on 15th December. As on 9th December 2010, acreage of chana in the Rajasthan has increased by 71% Y/Y to 14.54 lakh hectares. The sentimental effect of the higher production estimates cannot be ruled out.

Technical Analysis:

Chana January future prices traded marginally higher in last week by reversing the previous trend. Initially it made a weekly high of 2577 thereafter it started declining and settled lower at 2532 levels. Closing of the weekly candle renders indecisive movements for this week. Market is trading well above the weekly short term EMA suggests upside bias. As per the Fibonacci principle market is witnessing a stiff resistance at 2544 (23.6% retracement of the range 2625-2283) levels. Only on breach and sustained trade above would lead the



prices to trade higher for this week. In case market fails to breach the resistance at 2544 it is possible to remain lower. The RSI (14) weekly ended at 0.62 levels and is likely to move higher. Overall, we expect prices to move in the band of 2490-2558 levels. Either side breakout would confirm the trend.

Trading range

	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX Chana	Dec-10	2416	2466	2515.00	2556	2596
	Jan-11	2486	2509	2532.00	2566	2600
	Feb-11	2491	2512	2532.00	2569	2605

Guar Complex

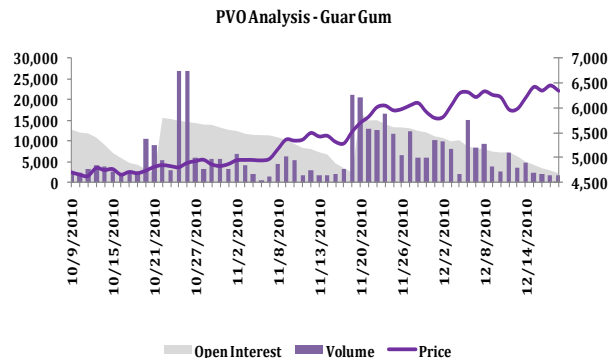
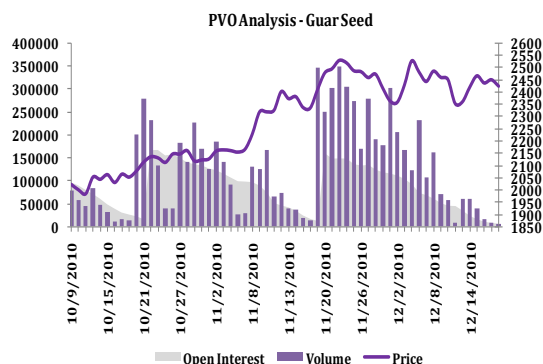
Strategy: **BUY**

Recommendation: Guar seed Dec NCDEX: Buy in the range 2420-2445 TP 2530 then 2570 SL 2370

Review

The guar seed and guar gum futures traded positive through out the week despite some corrections at higher levels due to speculative selling. The special margin of 10% was imposed on the long positions in guar seed out of which 5% was cash margin (http://www.ncdex.com/Upload/Circular_all/pdf/4501.pdf). Fresh buying emerged during the week supported the uptrend. The quality of the arrivals across desert areas of rajasthan was reported good which attracted more gum manufacturers at the spot markets. However, towards the closing of the week the prices ended in red on profit booking.

		NCDEX (Rs/Quintal)									
Contract		Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Guar Seed	Dec-10	2345.00	2494.00	2328.00	2423.00	3.02	195380	-71.15	5510	-87.56	
	Jan-11	2372.00	2547.00	2371.00	2480.00	3.33	1564540	-14.96	162060	-3.88	
	Feb-11	2390.00	2588.00	2365.00	2526.00	3.74	112960	120.32	30590	69.85	
Guar Gum	Dec-10	5890.00	6550.00	5890.00	6334.00	6.33	16220	-61.15	2315	-68.65	
	Jan-11	6001.00	6614.00	5950.00	6419.00	6.35	6419	69.95	23425	-15.40	
	Feb-11	6022.00	6705.00	5998.00	6504.00	6.31	39250	52.94	28010	89.58	

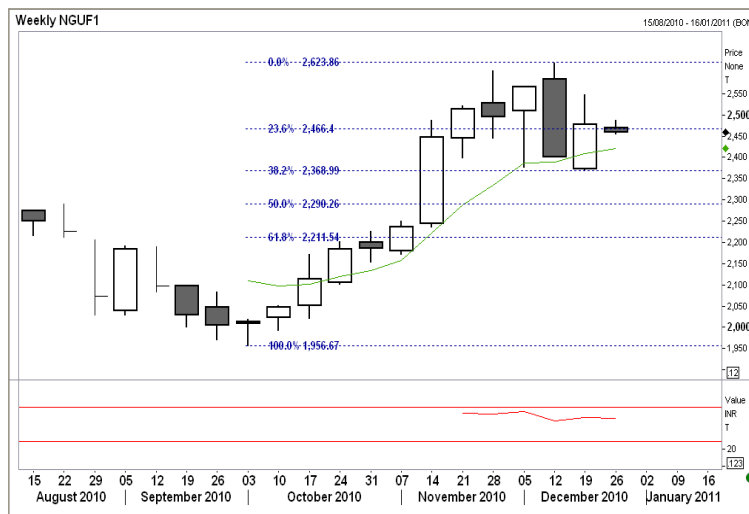


Outlook:

Guar seed and guar gum futures are anticipated to trade in range bound to positive for the week ahead. The prevailing higher spot prices are keeping the buyers away despite requirement of the produce. The arrivals across Bikaner, Barmer and Jodhpur regions are on full swing which might exert some pressure on the prices. The decision about the margin issue raised by the traders across Bikaner and Jodhpur is likely to change the direction of the market for the week. The new export orders from US and China are likely to reemerge only after the Christmas and New Year vacations. However in the near term the demand for the guar gum and gum powder is likely to increase on strong global demand. According to the exporters the exports are likely to increase by 33% to 3 lakh bags in the current fiscal. According to trade sources, the production is likely to be around 1 crore bags as the productivity across desert areas in rajasthan is far better in the current year. The Ratio between the guar seed and gum can also increase on good demand for the ready guar gum. The duration of extraction of guar gum from guar seed is around 25-30 days which is expected to keep the demand from millers intact despite slack period for new export consignments.

Technical Analysis:

January Guar seed future prices witnessed upside movements in last week by reversing the previous losses. Initially market opened lower at 2372 thereafter it started rising and finally settled higher at 2480 levels. Moving average principle suggests market to continue its upside moments as the prices are hovering above the weekly short term and medium term EMA (8, 21 & 34). As per the Fibonacci principle market is witnessing a immediate support at 2466 (23.6% retracement of the range 2624-1956 levels). Sustain above the same is likely to extend its



gains till 2540 then 2610 levels. The momentum indicator RSI (14) weekly ended at 0.69 levels and still has the potential to move higher. The key support level to watch for this week is at 2370 levels. We expect prices to remain higher for this week with the support at 2370 levels.

Trading range

	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX Guar Seed	Dec-10	2249	2336	2423	2502	2581
	Jan-11	2290	2385	2480	2561	2642
	Feb-11	2270	2398	2526	2621	2716
NCDEX Guar Gum	Dec-10	5598	5966	6334	6626	6918
	Jan-11	5664	6041	6419	6705	6992
	Feb-11	5695	6100	6504	6807	7109

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