



17-22 Jan 2011

Guar Complex

Strategy: **Buy**

Recommendation: **Guar seed NCDEX Feb-Buy at 2620-2640 TP 2740 then 2780 SL 2570**

Review: The guar seed and guar gum futures opened down initially but remained bullish in the entire week. All India arrivals of guar seed started decreasing across the spot markets from 70000 bags to 45000 bags towards the end of the week. The guar millers from Haryana were aggressively buying across the spot markets. Fresh export enquiries also trickled into the spot markets which supported the prices to gain. The spot prices persisted around ₹2400/quintal. Recovered cold wave conditions increased the activities across the spot markets supported the bull run in the prices.

Guar Seed

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-11	2468.00	2616.00	2444.00	2605.00	6.07%	410920	-58.35%	17490	-83.06%
Feb-11	2518.00	2683.00	2470.00	2665.00	6.30%	1094560	65.57%	197520	59.78%
Mar-11	2569.00	2733.00	2535.00	2716.00	6.38%	58650	138.12%	27130	120.75%

Guar Gum

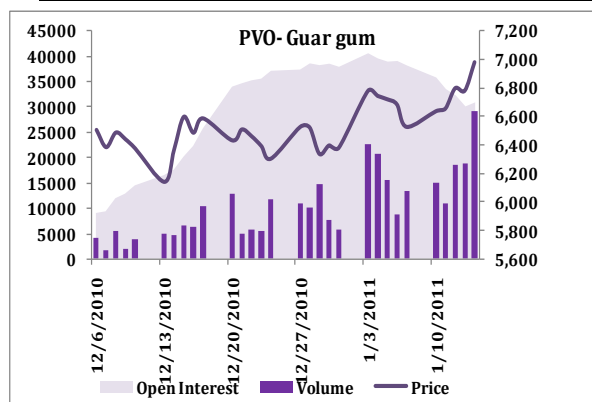
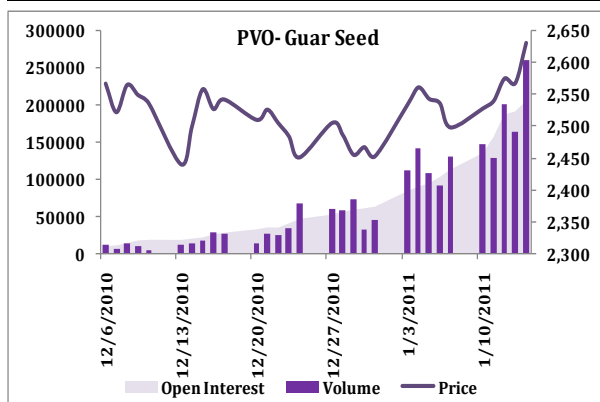
NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-11	6490.00	6946.00	6415.00	6880.00	7.07%	29580	-52.43%	2845	-72.89%
Feb-11	6590.00	7114.00	6515.00	7032.00	7.59%	108340	25.68%	29865	-21.78%
Mar-11	6670.00	7240.00	6620.00	7166.00	7.97%	36305	189.63%	27670	213.19%

Guar seed- Spread Matrix

	Spot	Jan-11	Feb-11	Mar-11
Spot	0			
Jan-11	-46.75	0.00		
Feb-11	-106.75	60.00	0.00	
Mar-11	-157.75	111.00	51.00	0.00

Guar gum- Spread Matrix

	Spot	Feb-11	Mar-11	Jan-00
Spot	0			
Jan-11	120.00	0.00		
Feb-11	-32.00	152.00	0.00	
Mar-11	-166.00	286.00	286.00	0.00



As per the derivative analysis the increase in prices, volume and the open interest indicates that the bullish trend is strongly intact for the near term.

Outlook:

Guar seed and gum futures are expected to continue the positive trend for the week. The derivative analysis for guar seed suggests the bullish trend of the prices is intact. Some initial down trend can be seen due to the pressure of the roll over of contracts. The decreasing arrivals across the spot markets as the new crop season

has come to an end are likely to extend support to the prices. The retreating cold wave across rajasthan shall help in resuming of market activities and the support the buying activities across the spot markets. Strong demand from the millers and the gum manufacturers are helping the prices to gain. The stockists are also actively accumulating guar gum across the spot markets. The dematted stocks of guar seed and gum has increased from 74434 and 15774 tons as on 10th Jan to 80672 tons and 16291 tons as on 14th January in the NCDEX accredited ware houses. Strong global demand for guar gum for the crude oil extraction in March-May period is supporting the uptrend in the prices.

Technical Analysis:

Guar seed February future prices witnessed uptrend in last week by gaining as much as 6.3 % from previous close. Market has breached the resistance at 2655 levels (previous swing high) and trading above the same suggests further upside movements to be continued. AS per the fibonacci principle market is finding a strong support near 2622 levels (38.2% retracement of the range 1980-2655 levels). Sustained trade above the same is expected to remain higher. On the higher side immediate resistance is at 2702 levels. A significant break above the same leads the prices to gain till 2780 levels. Indicator analysis suggests bullish trend for short term. Moving average principle signaling upside movements as the prices are hovering above the same. RSI 914) weekly is at 0.64 and still has the potential to move higher. Formation of **“symmetrical triangle”** pattern suggests further bullish trend to be there and the target price is till 2780 levels. Overall, we expect prices to trade higher and recommend buying.



CHANA

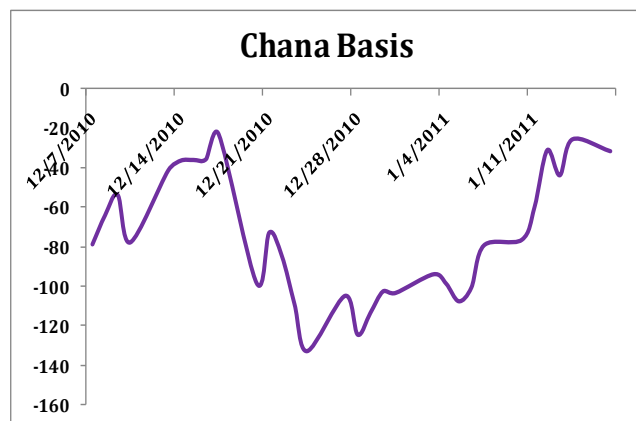
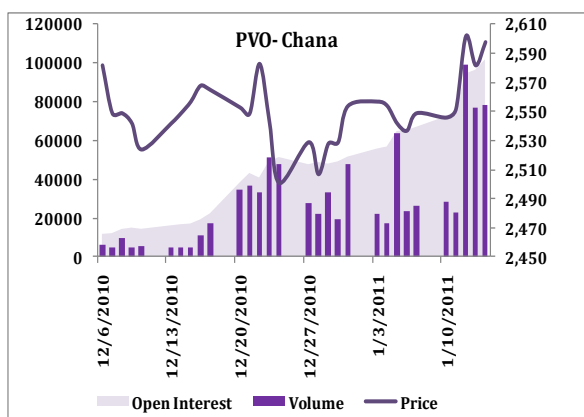
Strategy: BUY

Recommendation: Chana NCDEX Feb- Buy at 2570-2590 TP 2650 then 2680 SL 2530

Chana futures resumed the positive trend in the last week after a fall in the two successive penultimate weeks. Strong demand from the retailers and the millers for the ongoing festive season helped the prices to gain. Decline in the imports from Australia by 60-70% created supply crunch as it is the lean season for chana in the India. Some profit booking was seen on roll over of the contracts and sluggish spot activities however, the bullish trend was in tact. The spot prices increased by ₹75/quintal in the week to ₹2550/quintal towards the closing. According to central agriculture ministry data area under chana has increased by 8% to 88.79 lakh hectares as on 14th January.

Chana

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-11	2559.00	2615.00	2524.00	2606.00	2.16%	201690	-16.38%	39710	-57.11%
Feb-11	2567.00	2646.00	2535.00	2639.00	3.13%	400360	144.33%	110900	62.80%
Mar-11	2509.00	2634.00	2490.00	2629.00	5.12%	141850	218.41%	42980	-4.95%



Derivatives analysis (rise in price, volume and open interest) is suggesting continuation of uptrend in the prices.

Outlook:

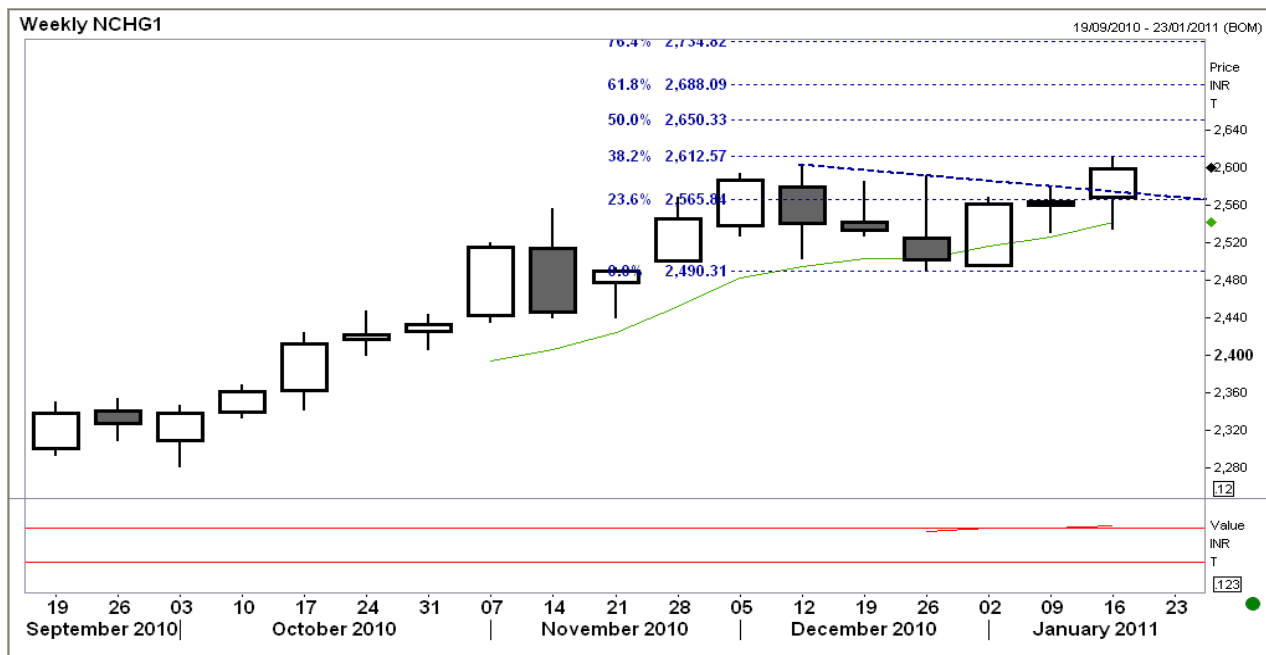
Chana futures are expected to trade positive for the week ahead. The demand from the retailers and the millers is likely to persist for the coming week. According to trade sources the cold wave conditions which prevailed in the last fortnight has damaged 10-15% of the chana crop in the Madhya Pradesh influencing the market sentiments. This is expected to erase the pressure o

Chana- Spread Matrix				
	Spot	Jan-11	Feb-11	Mar-11
Spot	0			
Jan-11	-61.55	0.00		
Feb-11	-94.55	33.00	0.00	
Mar-11	-84.55	23.00	-10.00	0.00

stocks is supporting the uptrend. According to trade sources, the import from Australia is not a considerable figure compared to the previous years which has resulted in the supply demand mismatch. The likely import of 50000 tons of yellow peas from Canada between Jan-15 to Feb-15 needs to be watched out. The arrivals of

the other kharif pulses prices have also been declining across the spot markets which are exerting positive sentimental effect on the prices of chana. According to IMD the minimum temperatures would fall by 1-2°C over central and east India during next 1-2 days which would impact the sentiments of the market and prop up concerns about the crop the damage again.

Technical Analysis: Chana February futures initially witnessed downside movements after making a low of 2535 prices started rising and settled at 2639 levels. Candlestick principle suggests upside movements for the coming week. Market is witnessing an immediate resistance at 2612 levels (38.2% projection of the range 2282-2604 levels). On breach and sustained trade above would lead the prices to gain further till 2650 then 2690 levels. On the lower side trend line support is near 2570 levels which would be a key level to watch for this week. A mild lower correction could be seen before resuming its uptrend. In daily chart RSI 914) is at 0.61 levels and showing a higher potential. Overall, analysis suggests market to remain higher and recommend buying at dips.



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