



Pulses Weekly

11-16 April 2011

Guar Complex

**** Indian Meteorological Department (IMD) monsoon report is due to release on April 15th.

Recommendation: Guar seed May NCDEX: Buy at 2875 TP 2950 SL 2830.

Guar gum May NCDEX: Sideways

Review: Guar seed and guar gum futures gained as much as 4% and 2% during the last week. The prices remained positive through the week despite some correction in the mid week. The buying of guar seed from the millers and the nominal demand that prevailed for the guar gum supported the uptrend in the prices. The arrivals from stocks were witnessed in spot markets which kept the spot prices stable. The removal of the additional margin on guar seed and guar gum also kept the prices positive. Towards the end of the week the activities across the spot markets were subdued which limited the any steep gain in the prices. The activities across the spot market were sluggish ahead of the monsoon reported to be released by IMD.

Guar Seed

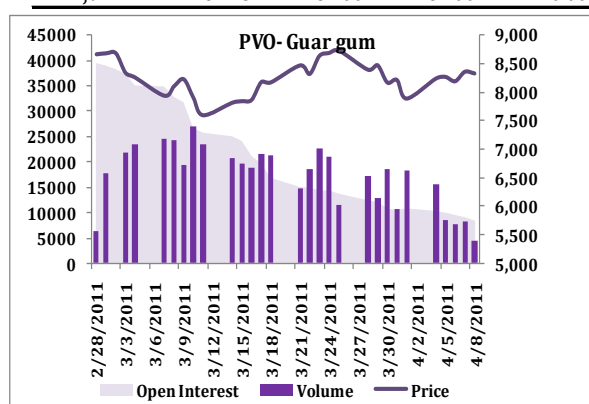
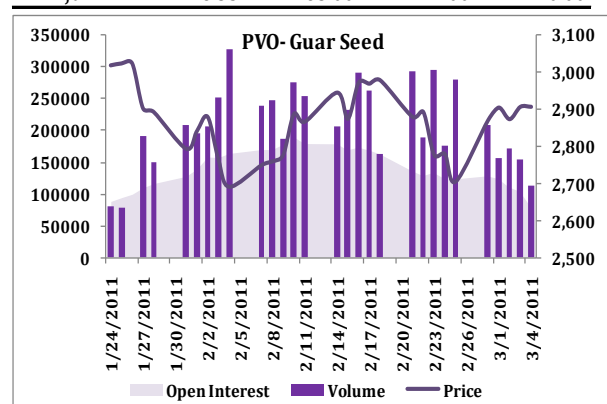
NCDEX (Rs/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	2860.00	2988.00	2857.00	2961.00	3.79%	647970	-1.72%	143930	91.24%
May-11	2908.00	3024.00	2904.00	3002.00	3.70%	19590	-52.30%	14880	-6.71%
Jun-11	2865.00	3045.00	2865.00	3024.00	2.72%	1390	-14.20%	880	-12.87%

Guar Gum

NCDEX (Rs/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	8302.00	8590.00	8173.00	8497.00	1.92%	92020	-17.85%	31585	-15.32%
May-11	8413.00	8725.00	8335.00	8659.00	2.32%	19300	135.37%	13970	294.08%
Jun-11	8507.00	8850.00	8507.00	8784.00	3.77%	150	76.47%	35	16.67%

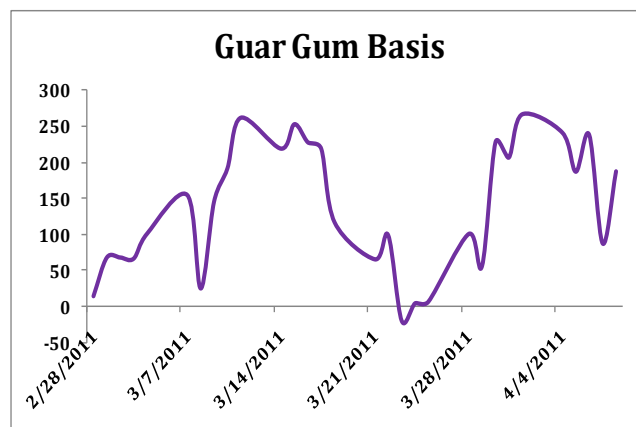
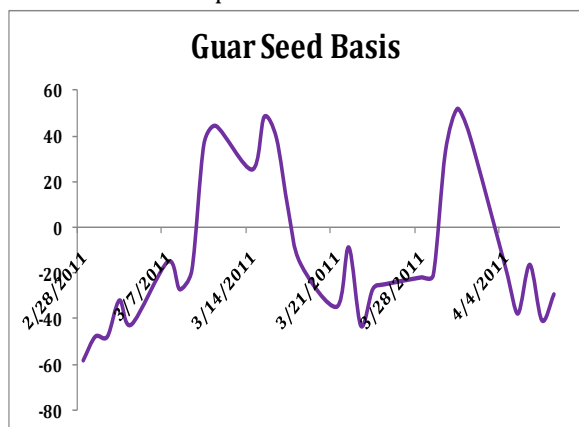
Spread Matrix				
	Spot	Apr-11	May-11	Jun-11
Spot	0			
Apr-11	-83.35	0.00		
May-11	-124.35	41.00	0.00	
Jun-11	-146.35	63.00	22.00	0.00

Spread Matrix				
	Spot	May-11	Jun-11	Jan-00
Spot	0			
Apr-11	22.75	0.00		
May-11	-139.25	162.00	0.00	
Jun-11	-264.25	287.00	287.00	0.00



The derivative analysis (Increase in prices, decrease in volume and open interest) indicates that the prices might be subjected to steep correction in short term. The basis of guar seed is negative indicates that the current demand for the commodity is lower while the basis is positive which indicates the current demand for the commodity is good.

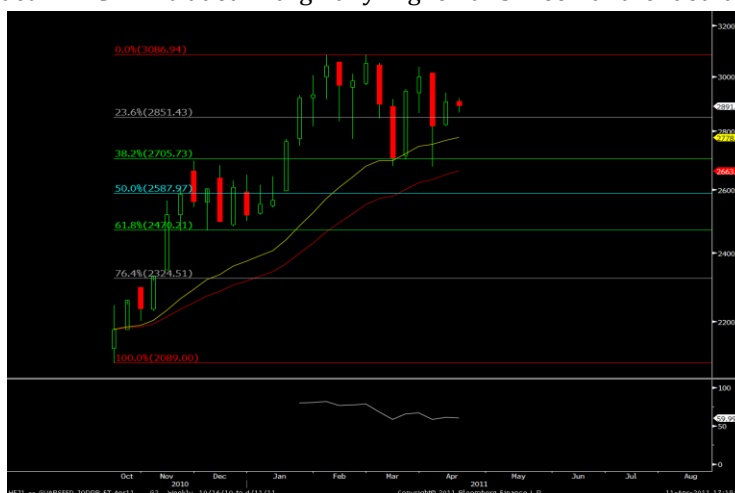
*Basis= Futures- Spot



Outlook:

Guar seed and guar gum futures are forecasted to trade in a range with more bias towards the down side. The sluggish buying activities across the spot markets and the arrivals from the stocks are expected to pressurize the prices. The activities are subdued across the spot markets as the stockists are mulling liquidation of more stocks while the buyers are also waiting for the spot prices to cool of further. The absence of the fresh export demand across the spot markets might have negative impact on the prices. The IMD report of the monsoon predictions is due to release on 15th April which would decide the direction for the guar seed prices in the near term. However, according to the international weather agencies have predicted normal and above normal monsoon in India for the current year with a clear reference to North West India- major growing regions of guar seed. This might result in liquidation of the stocks. The sentimental impact of the factors like the possible increase in acreage and normal rains might pressurize the prices. The psychological price barrier of the traders that the current guar prices are much higher might also result in profit booking and keep the prices weak for the coming week.

Technical Analysis: Guar seed May contract in NCDEX traded marginally higher this week and ended at 2907. In the weekly chart, a small white candle stick emerges after a long black candle stick suggesting indecision in the trend. Prices fails to settle below short (21) and medium(34) term exponential moving averages is an indication of strength in the trend. As per Fibonacci retracement principle, prices fails to sustain below 2705 which is 38.2% (natural retracement) of the range 2089-3086, and are sustaining upside signaling trend to remain upside for the coming week. The technical indicator RSI (14) is also trading at 0.59 suggesting upside potential for the commodity.



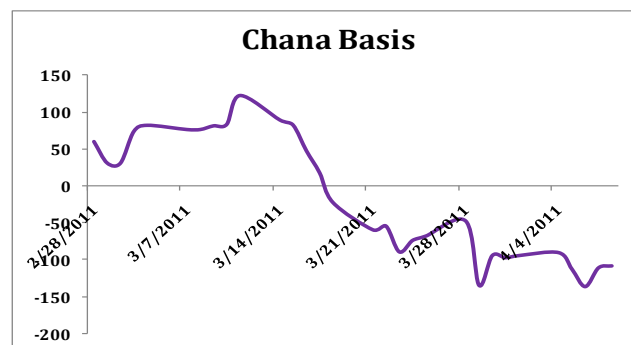
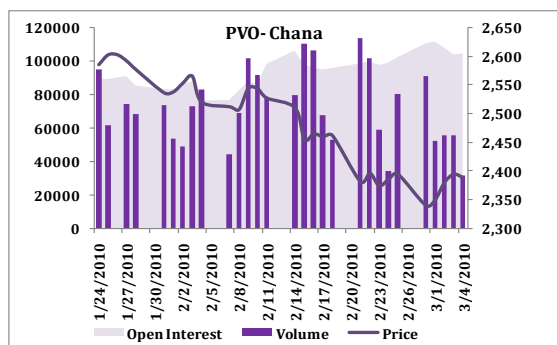
CHANA

Recommendation: Chana May NCDEX: Buy above 2475 TP 2550 SL 2422

Chana futures closed marginally positive during the last week. The prices hit the lower circuits almost twice in the week owing to the drop in the spot prices because of the arrival pressure. The spot prices declined to around Rs. 2250-2280/quintal across the major markets. The arrivals from Rajasthan gained full momentum during the last week which exerted pressure on the spot prices that had the same effect on the futures. The production across Rajasthan regions is expected to be bumper during the current year based on which the stock limits on Chana is being extended. The arrival pressure across M.P regions was still prevailing during the last week which kept the prices down. The physical buying which propped up as the spot prices fell and the stock limits were increased in Rajasthan gave support to the prices to end the week in green.

Chana

NCDEX (Rs/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	2412.00	2475.00	2382.00	2444.00	0.87%	457630	10.17%	96550	30.63%
May-11	2451.00	2529.00	2433.00	2501.00	1.26%	189770	39.45%	89510	47.68%
Jun-11	2523.00	2591.00	2500.00	2566.00	1.10%	35100	7.47%	31230	15.03%



Derivatives analysis (increase in price, decrease in open interest and volume) is indicating that the prices might remain bearish during the week ahead. The basis is negative indicating that the current demand for the commodity is lower. However the basis might turn positive as the demand picks up towards the end of April.

Outlook

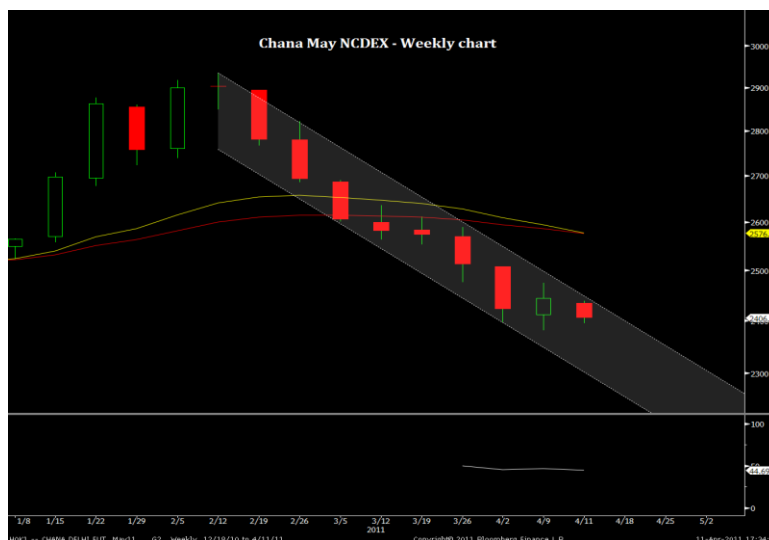
Further bearishness can prevail in chana futures prices for the week ahead. The increasing arrivals are expected to exert pressure on spot prices across the major spot markets. The bumper crop prospects in Rajasthan regions are expected to exert pressure on the prices along with the arrivals from M.P regions. In Rajasthan area under chana had increased by around 75% during this year. Favorable weather conditions supported good crop growth and the quality of the current arrivals is also reported to be good. The extension of stock limits across Rajasthan from 300 tons to 500 tons and the turn over days from 75 days to 150 days is expected to attract more buyers across the spot markets towards the end of the week

Spread Matrix				
	Spot	Apr-11	May-11	Jun-11
Spot	0			
Apr-11	-164.00	0.00		
May-11	-221.00	57.00	0.00	
Jun-11	-286.00	122.00	65.00	0.00

as the spot prices are projected to decrease by then. The buying from the stockists and millers is expected to gain momentum as the spot prices decrease which might help the prices to recover towards the closing of the week.

Technical Analysis:

Chana May futures in NCDEX platform traded sideways during the week and ended marginally higher at 2444. In the Weekly Chart a **high wave** candle stick is witnessed indicating indecision in the trend it may also sometimes suggest trend reversal. However the trend reversal will only be confirmed if the market sustains above the previous weeks high of 2375. Prices are trading below short term (21) Exponential Moving Averages (EMA) indicating downside. Chana prices are on their downtrend indicated by the long term trend channel pattern shown in the chart above. As per the trend channel the crucial support for chana prices is seen at 2280. The technical indicator RSI (14) is trading at 0.44 suggesting downside potential for commodity.



Overall we expect Chana prices may move high if it breaches and sustains above the 2375.

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