



Pulses Weekly

20-25 June 2011

Guar Complex (Bearish)

Recommendation: Guar seed July NCDEX: Sell at 3322 TP 3175 SL above 3365

Guar gum July NCDEX: Sell below 10250 TP 10000/9880 SL 10480

Review: Guar seed and gum futures continued its bearish trend during last week. The significant increase in arrivals across spot markets (12,000-15,000 bags) due to liquidation of stocks by the traders pressurized the prices. The spot prices remained stable as subdued demand across physical markets restricted gains. Monsoon had reached Saurashtra regions of Gujarat, which raised hopes about its arrival before scheduled time in north-west India. The pre-monsoon rains are expected to be earlier in Pakistan which is favoring monsoon rainfall to begin in time this year. These rainfall conditions so far are favoring the guar sowing prospects in Pakistan. Concerns about projected decline in acreage under guar supported the prices to gain to Rs.3365 per quintal during the week. However, the impact of monsoon was more prominent over the market sentiments pressurized the prices to fall to Rs.3288 per quintal.

Guar Seed

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	3340.00	3365.00	3288.00	3316.00	-0.84%	726390	-11.76%	198650	29.58%
Aug-11	3385.00	3404.00	3337.00	3362.00	-1.00%	59590	38.52%	32830	33.35%
Sep-11	3395.00	3434.00	3370.00	3399.00	-0.70%	9240	19.38%	7980	63.52%

Guar Gum

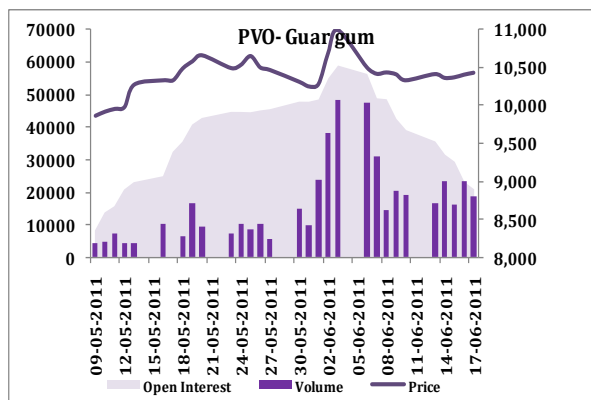
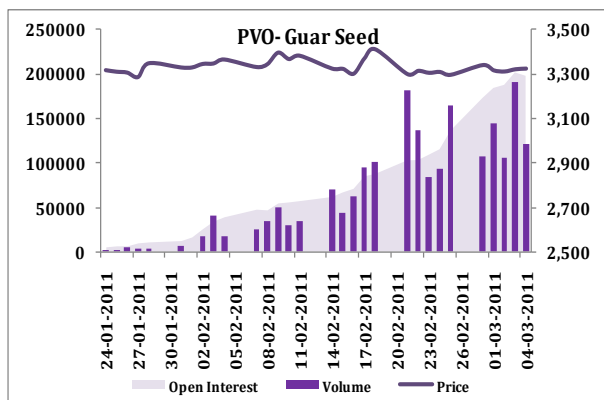
NCDEX (Rs/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	10500.00	10550.00	10270.00	10424.00	-0.66%	106715	-26.64%	18465	-53.57%
Aug-11	10643.00	10748.00	10475.00	10623.00	-0.53%	51265	50.45%	42655	108.68%
Sep-11	10748.00	10890.00	10635.00	10797.00	0.42%	1990	28.39%	2010	156.05%

Spread Matrix

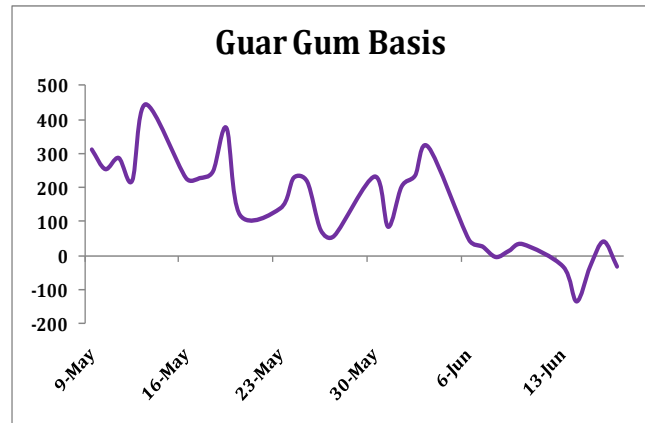
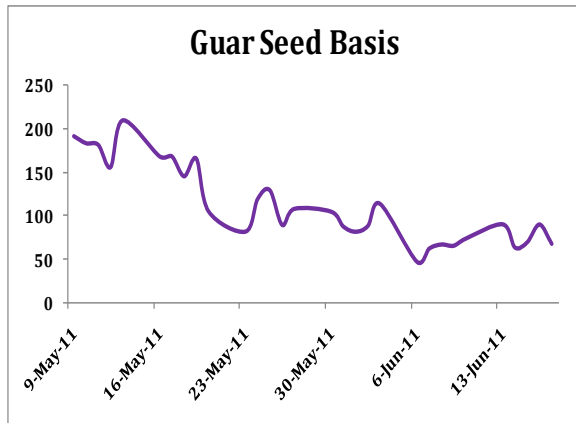
	Spot	Jul-11	Aug-11	Sep-11
Spot	0			
Jul-11	-57.55	0.00		
Aug-11	-103.55	46.00	0.00	
Sep-11	-140.55	83.00	37.00	0.00

Spread Matrix

	Spot	Aug-11	Sep-11	Jan-00
Spot	0			
Jul-11	37.10	0.00		
Aug-11	-161.90	199.00	0.00	
Sep-11	-335.90	373.00	373.00	0.00

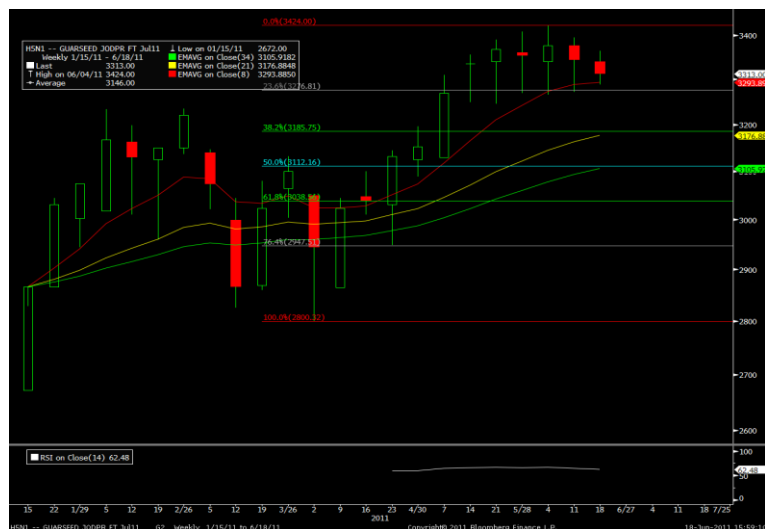


*Basis= Futures- Spot



Outlook: We expect guar seed and gum futures to retain its bearish trend during this week. Lack of fresh export orders for gum splits or gum powder might keep the demand subdued. Arrivals across the spot markets might increase due to further liquidation of stocks by the traders which is likely to pressurize the prices. Monsoon prospects might retain its impact over market sentiments. According to IMD, monsoon progress has been good so far and is likely to advance towards outer regions of Rajasthan, Punjab and Haryana by this weekend. Therefore, on favorable conditions monsoon might reach north-west region (guar growing belt) of India before its scheduled time. Monsoon prospects are good for Pakistan which our competitor for gum exports. These favorable conditions for guar sowing in Pakistan might have a negative impact over Indian market sentiments. Derivative analysis (decline in price, volume and increase in open interest) indicates bearish trend. Guar seed and gum basis are negative which indicates that the near month demand might remain low thus prices may fall further.

Technical Analysis: Guar seed prices traded sluggish on last week. It made a high of 3365 then low of 3288 before settling at 3313 levels. Closing of the candle renders indecisive movements for the week. However prices are witnessing resistance at 3365 levels (previous swing high). On sustained trade above is likely to remain higher. The Moving Average Principle is suggesting lower potential as prices are trading far from short and long term moving averages which are (8,21and 34). Initial support is seen at 3293 which is 8 (Weekly EMA) and next supports are seen at 3176 then 3105 levels which are 21 and 34 weekly (EMA) levels respectively. Only on sustained trade above is likely to trade higher. In case markets breach and sustains below mentioned moving averages then we may expected fall. The principle of **Fibonacci Retracement** states that prices are witnessing support at 3276 levels which is 23.6% retracement of the range 3424-2800. On sustained trade below is likely to test 3185 levels which is 38.2% of above mention range. Momentum indicator RSI is trading at 0.628 which is indicating downside momentum. We expect initially prices to trade downside sell at resistance levels.



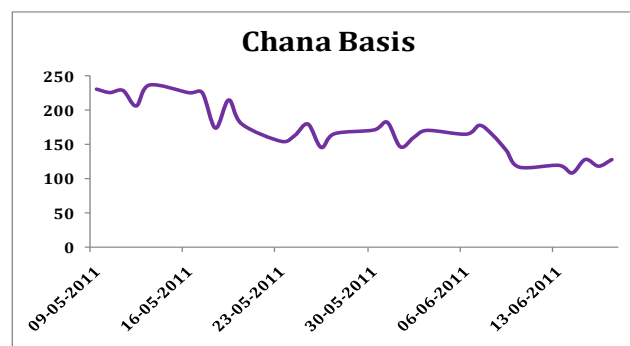
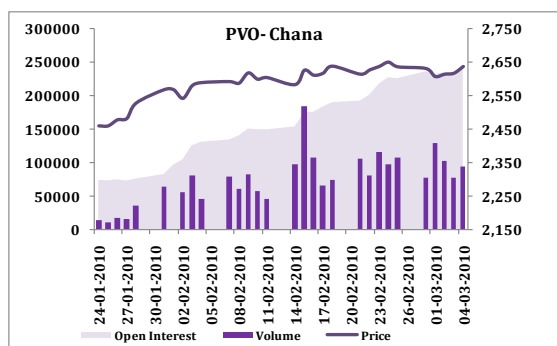
CHANA (Bullish)

Recommendation: Chana July NCDEX: *Buy at 2629 TP 2672/ 2730 SL below 2601*

Review: Chana futures retained its bullish trend during last week. The low arrivals (40 trucks) in Delhi spot market supported prices to remain higher. The buying by retailers and millers across spot markets in anticipation of rise in demand supported the gains. The spot prices rose to Rs.2550 against Rs.2500 per quintal in the last week. The rise in MSP of Kharif pulses along with good sowing progress had an impact over the market sentiments. The Australian Bureau for Agricultural Resource Economics and Sciences (ABARE) crop report was released last week. It projected rise in production and exports of chana by around 2 per cent. However, buying at lower price levels by the traders helped the prices to recover and end the week in green.

Chana

Contract	NCDEX (₹/Quintal)					Volume	% Change	Open Interest	% Change
	Open	High	Low	Close	% Change				
Jul-11	2625.00	2653.00	2592.00	2644.00	0.53%	552930	1.70%	248760	9.72%
Aug-11	2684.00	2723.00	2666.00	2714.00	0.63%	141310	52.97%	95480	79.20%
Sep-11	2726.00	2778.00	2726.00	2773.00	0.84%	12360	39.98%	7940	15.07%



Outlook: Chana futures are expected to continue its uptrend during this week. Gradual rise in demand across the spot markets might push prices upside. The spot price is likely to be in the range of Rs.2510 to Rs.2560 in the coming week. The sowing progress of chana in Canada and Australia might have an impact over the Indian market sentiments. Sowing area under chana in Canada is expected to decline by 19 per cent from 83,000 ha to 67,000 ha this year. Exports from Canada are also likely to fall by around 29 per cent to 60,000 tonnes against 85,000 tonnes last year. According to Australian Bureau for Agricultural Resource Economics and Sciences (ABARE) crop report which was released last week projected increase in production and exports by 2 per cent. Since this rise is not significant it might not affect price movement on a large scale. According to derivative analysis, increase in price, volume and open interest indicates bullish trend. Chana basis is positive which indicates near term demand is good for chana. Overall scenario is supportive for the prices to remain bullish during this week.

Technical Analysis: Chana future prices are trading in range bound levels from last 5 weeks. It made a high of 2653 then low of 2592 before settling at 2642 levels. Closing of the candle renders indecisive movements for the coming week. However prices are witnessing resistance at 2653 levels (previous swing high). On sustained trade above is likely to remain higher. The Moving Average Principle is suggesting sideways potential as prices are trading above the short term and below the long term moving averages. Initial support is seen at 2601 levels which is 8 (Weekly EMA) resistance are seen at 2672 levels then 2746 levels which are

21 and 34 (weekly EMA) Only on sustained trade above is likely to trade higher. The principle of **Fibonacci Retracement study is supporting above mention levels** as prices are witnessing support at 2569 levels which is 23.6% retracement of the range 3036-2425 levels. Initial resistance is seen at 2658 level which is 38.2% of above mention range and sustain above trade is likely to test 2730 levels which is 50% of the ranges 3036-2425 levels. Momentum indicator RSI is trading at 0.273 which is indicating indecisive momentum.



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