



Pulses Weekly

27 June 2011

Guar Complex (Bullish)

Recommendation: Guar seed July NCDEX: Buy at 3435 TP 3586 SL below 3345

Guar gum July NCDEX: Sideways

Review: Guar seed and gum futures traded upside during last week due to monsoon prospects. IMD's forecasts about delay and below normal monsoon (at 95 per cent of long-term average) had an impact over market sentiments. The concerns regarding the shift in acreage from guar to castor seed also supported the prices to trade higher. Active buying by traders supported the spot price to gain substantially to Rs.3500 against Rs.3270 per quintal. Impact of monsoon also affected guar growers in Pakistan (which is our competitor in gum exports) as they are expecting favourable monsoon this year. The recent forecasts of below normal monsoon over India bothered their projections which had an impact over the Indian market sentiments supporting the gains.

Guar Seed

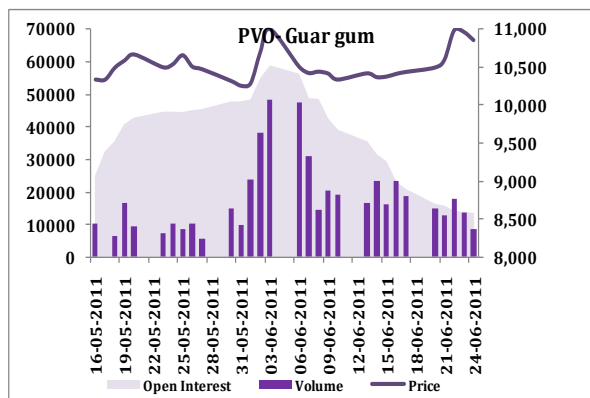
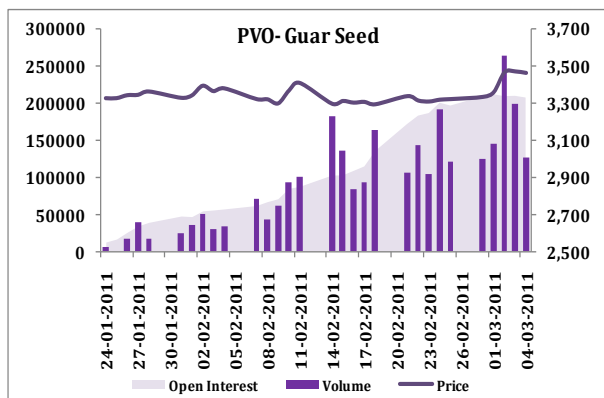
NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	3315.00	3554.00	3297.00	3536.00	6.63%	1020040	40.43%	200850	1.11%
Aug-11	3362.00	3610.00	3343.00	3591.00	6.81%	211140	254.32%	52170	58.91%
Sep-11	3397.00	3649.00	3383.00	3629.00	6.77%	33620	263.85%	15570	95.11%

Guar Gum

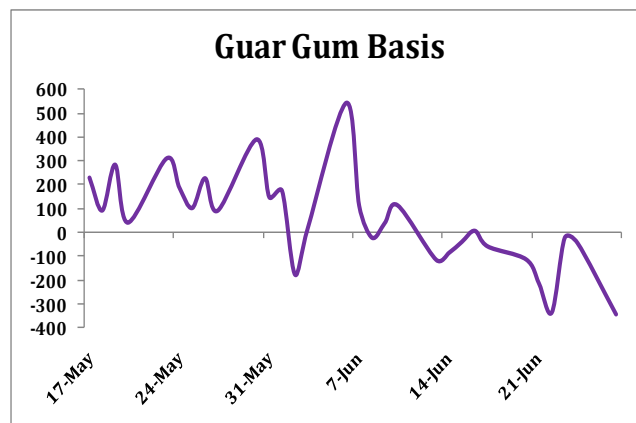
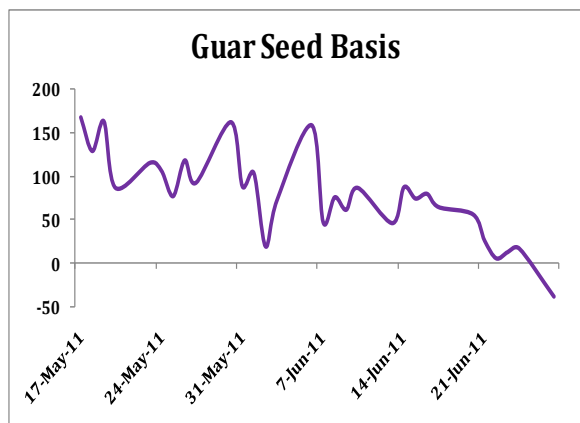
NCDEX (Rs/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	10401.00	11110.00	10355.00	11018.00	5.70%	78115	-26.80%	13225	-28.38%
Aug-11	10625.00	11303.00	10559.00	11205.00	5.48%	66120	28.98%	47585	11.56%
Sep-11	10779.00	11474.00	10778.00	11432.00	5.88%	2970	49.25%	2245	11.69%

Spread Matrix				
	Spot	Jul-11	Aug-11	Sep-11
Spot	0			
Jul-11	-30.25	0.00		
Aug-11	-85.25	55.00	0.00	
Sep-11	-123.25	93.00	38.00	0.00

Spread Matrix				
	Spot	Aug-11	Sep-11	Jan-00
Spot	0			
Jul-11	172.00	0.00		
Aug-11	-15.00	187.00	0.00	
Sep-11	-242.00	414.00	414.00	0.00

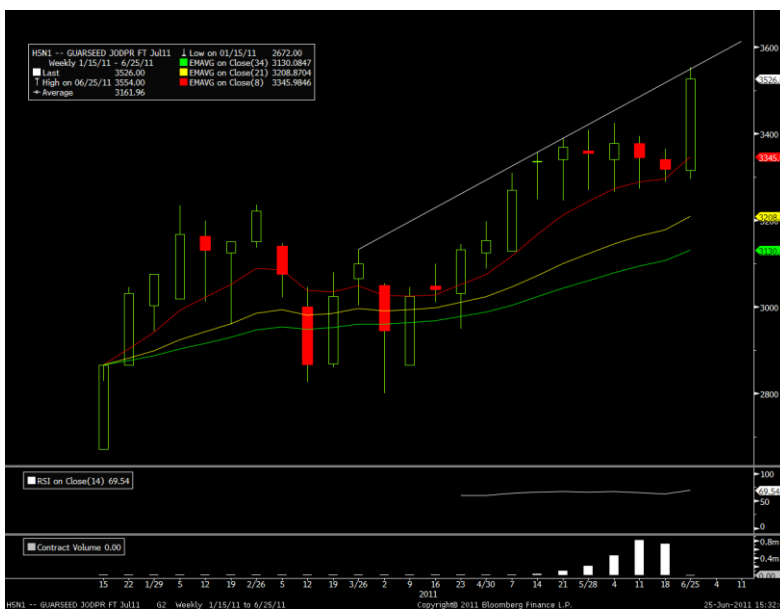


*Basis= Futures- Spot



Outlook: Guar seed and gum are expected to open downside while it might gain during the week. Though IMD has forecasted monsoon to remain below normal (at 95 per cent of Long-Term Average) this year the monsoon progress has been good so far. Monsoon has reached central Rajasthan and is likely to arrive in north-west region of India by the end of this week. Therefore the current scenario of monsoon might lower the concerns about shift in acreage from guar to castor seed. The monsoon prospects are also favoring guar growers in Pakistan as monsoon is projected to arrive by Wednesday. The significant rise in futures is likely to prompt the traders to go for selling at higher price levels which might lead the market to shed some of its gains. However, this might create a new buying point at lower price level supporting the prices to recover. Guar basis is negative which indicates that demand is likely to decline in the near term. According to derivative analysis, the rise in price, volume and open interest indicates bullish trend.

Technical Analysis: Guar seed July futures price had traded completely higher side by continuing its previous bullish rally and prices had made a new high of 3554 then low of 3297 and settled at 3526 levels. Previous swing may act as an initial resistance for coming session. Prices are witnessing trend line resistance at 3586 on breach and sustain above trade is likely test further highs. 3440-3435 levels may act as an initial support which is previous swing high. As prices are trading far from moving averages so we may expect prices to test moving average levels. Support is seen at 3345 level which is 8(weekly EMA). Volume indicator is suggesting upside momentum where volumes are increasing continually. The momentum indicator RSI 14 Weekly is trading at 0.695 levels and suggesting indecisive momentum in market.



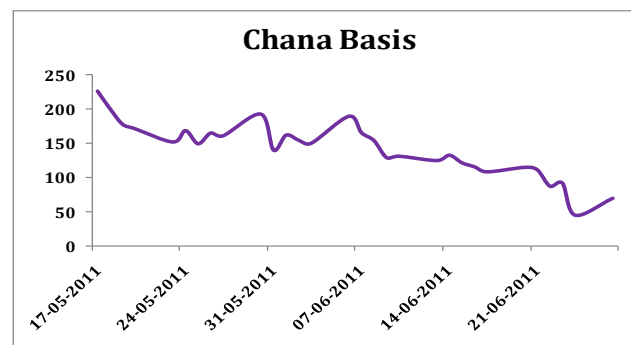
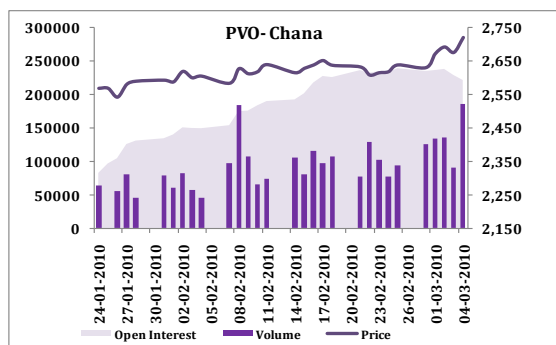
CHANA (Bullish)

Recommendation: Chana July NCDEX: Buy at 2676-82 TP 2800 SL below 2645

Review: Chana futures continued its uptrend during last week owing to strong fundamentals across the physical markets. Active buying by traders across the spot markets owing to the rise in demand for festive season kept the prices high during the week. Spot price rose significantly to Rs.2650 against Rs.2550 per quintal during last week. Kharif pulse growers expected favorable monsoons this year as they could take advantage of the rise in MSP for Kharif pulses (by more than 10 per cent). However, the delay and below normal monsoon forecasts by IMD seemed to have shattered their expectations. The damage of recently sown pulse crops in Canada due to excessive rainfall also had impact over the Indian market sentiments. Traders took advantage of the surge by selling at higher price levels which led to fall in prices of July contracts to Rs. 2624 per quintal. However, the overall demand being good and lowering arrivals supported the recovery and led the prices to end the week in green.

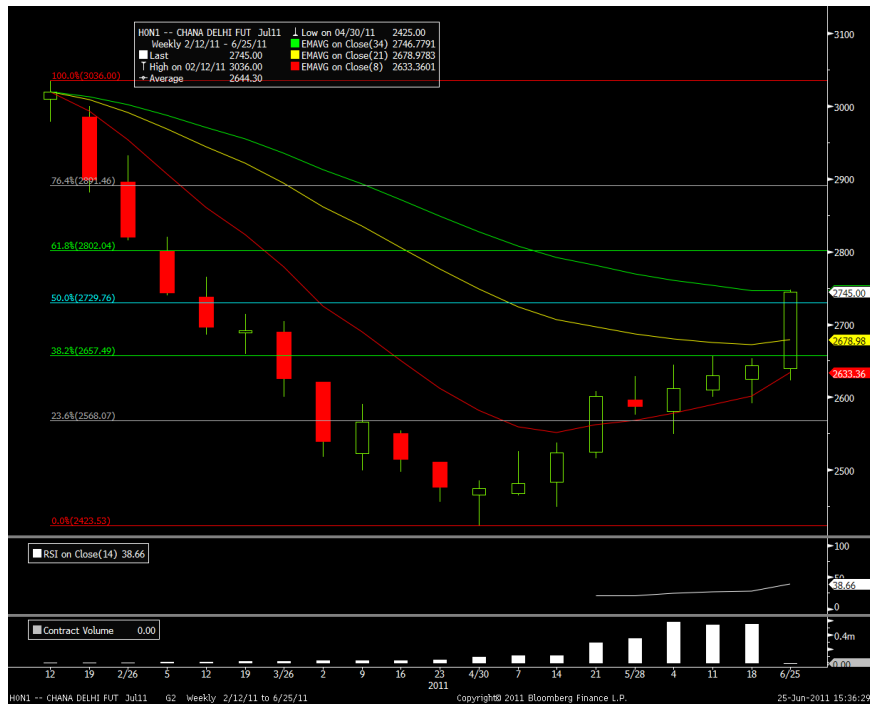
Chana

Contract	NCDEX (₹/Quintal)								
	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	2640.00	2748.00	2624.00	2742.00	3.71%	778600	40.81%	215220	-13.48%
Aug-11	2706.00	2822.00	2698.00	2814.00	3.68%	523780	270.66%	161700	69.35%
Sep-11	2763.00	2882.00	2755.00	2876.00	3.71%	48820	294.98%	17420	119.40%



Outlook: We expect chana futures to extend its bull-run during this week. Demand is expected to rise gradually due to the upcoming festive season which might support the gains. The recent update from IMD about monsoon to be below normal (around 95 percent of Long-Term Average) seems to have affected farmers' sentiments. The area under Kharif pulses is projected to decline by 8 per cent this year (to 3.77 lakh ha against 4.09 lakh ha last Kharif season). Damage of recently sown pulses crops in Canada due to excessive rains has sent an alarming signal to the farmers not to prefer pulses for the ongoing sowing season. These concerns are likely to have an impact over Indian market sentiments. According to the derivative analysis, increase in price, volume while decline in open interest indicates the possible chances of correction due to the recent rally in prices during last week. However, it might create a buying point at lower price levels which is likely to support the gains during this week. Chana basis is positive which indicates the near term demand is good. Therefore with respect to overall fundamentals we expect the chana futures to retain bullish trend during this week.

Technical Analysis: Chana July future prices had traded higher side continuing previous trend. Prices made a new high of 2748 then low of 2624 and settled at 2745. Prices are trading closely at 2746 level which is 34(Weekly EMA) level on breach and sustain above trade is likely to trade further high and this level may act as an initial resistance for coming session. principle of Fibonacci Retracement states that prices are witnessing resistance at 2802 levels which is 61.8% retracement of the range 2423-3036 levels. The Moving Average principle also suggests



high potential as prices trading above the short and medium term moving averages(8,21 weekly EMA)level. Initial support is seen at 2678 levels which is (21 weekly EMA) on breach and sustain below is likely to test next support level of 2633 which is (21 weekly EMA) level. Volume indicator is suggesting upside momentum where volumes are increasing continually. The momentum indicator RSI 14 Weekly is trading at 0.386 levels and suggesting upside potential. We expect prices to trade higher side buy at support levels.

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