



# Pulses Weekly

4-9 July 2011

## Guar Complex (Bullish)

**Recommendation: Guar seed July NCDEX: Buy at 3732 TP 3870 SL below 3643**

**Guar gum July NCDEX: Buy at 11500 TP 12125 SL 11290**

**Review:** Guar seed and gum futures extended its positive trend during last week. Monsoon has progressed over many parts of India except the guar growing region of Rajasthan during last week which raised concerns among the guar growers. These concerns also had an impact over market as the traders continued buying across the physical markets supporting the prices to gain substantially. Spot price surged by Rs.130 per quintal (to Rs.3760 against Rs.3520 per quintal on previous week). Pre-monsoon rainfall has been good in Pakistan but the guar growers are still doubtful about it's in time arrival owing to the weak monsoon prospects prevailing over north-western region of India. Therefore concerns about probable delay and below normal monsoon in Pakistan also had a positive impact over Indian market sentiments.

### Guar Seed

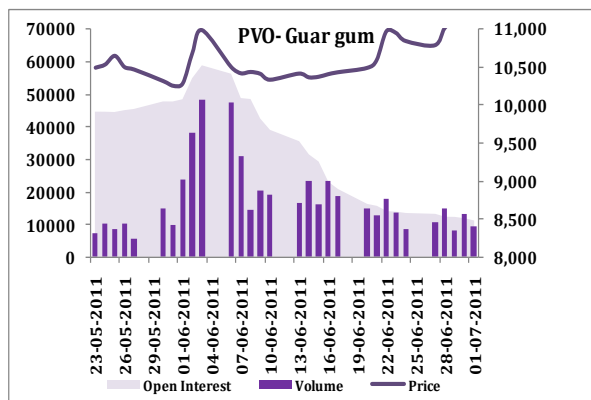
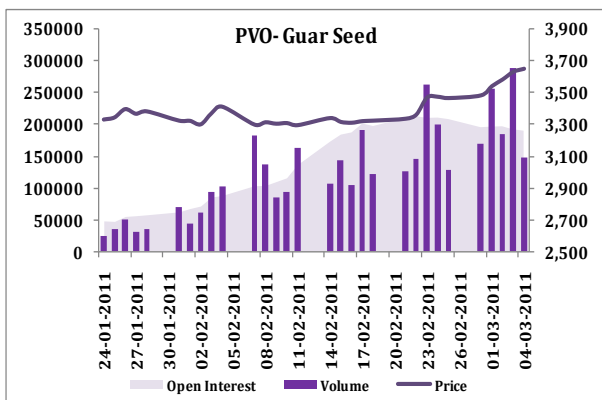
NCDEX (₹/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Jul-11	3521.00	3780.00	3446.00	3773.00	6.70%	1273290	24.83%	187210	-6.79%	
Aug-11	3566.00	3825.00	3500.00	3818.00	6.32%	311560	47.56%	68940	32.14%	
Sep-11	3603.00	3859.00	3538.00	3847.00	6.01%	64210	90.99%	25600	64.42%	

### Guar Gum

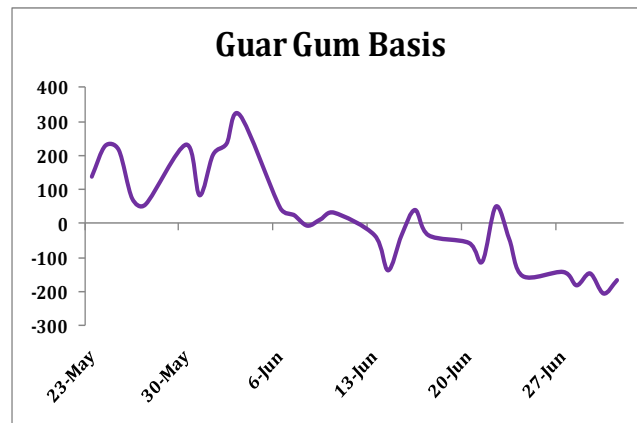
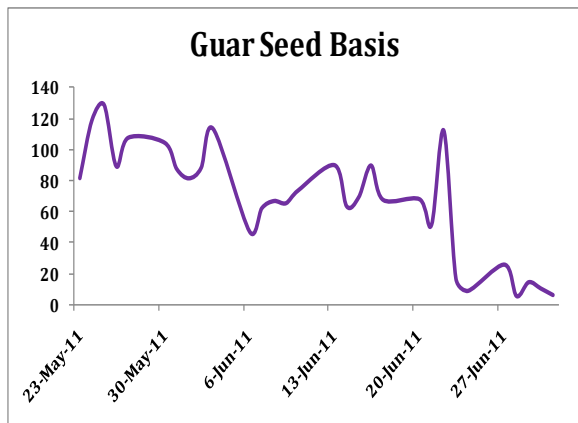
NCDEX (Rs/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Jul-11	10940.00	11875.00	10681.00	11780.00	6.92%	68185	-12.71%	10460	-20.91%	
Aug-11	11101.00	12074.00	10869.00	11984.00	6.95%	83650	26.51%	48845	2.65%	
Sep-11	11090.00	12200.00	11050.00	12146.00	6.25%	10955	268.86%	5745	155.90%	

Spread Matrix				
	Spot	Jul-11	Aug-11	Sep-11
Spot	0			
Jul-11	-128.90	0.00		
Aug-11	-173.90	45.00	0.00	
Sep-11	-202.90	74.00	29.00	0.00

Spread Matrix				
	Spot	Aug-11	Sep-11	Jan-00
Spot	0			
Jul-11	-180.00	0.00		
Aug-11	-384.00	204.00	0.00	
Sep-11	-546.00	366.00	366.00	0.00

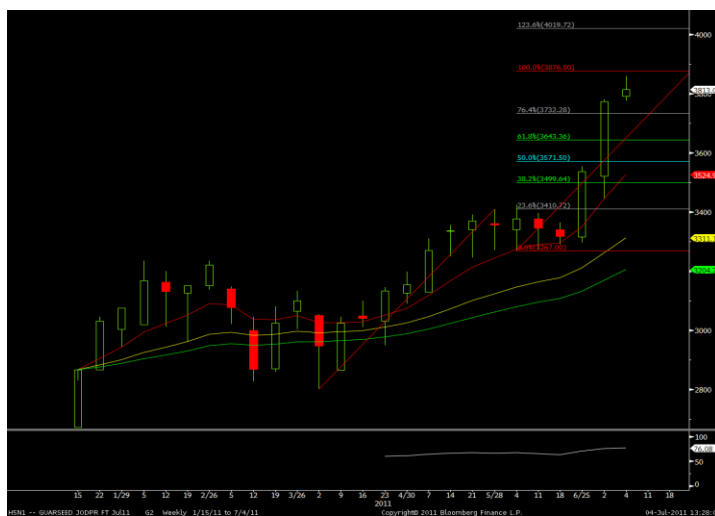


\*Basis= Futures- Spot



**Outlook:** Guar seed and gum futures are expected to retain its uptrend for the week owing to the concerns about delayed and below normal monsoon over guar growing region of Rajasthan. According to IMD report, monsoon is likely to progress over central and eastern zone of India whereas its prospects over north-west regions are still weak. Thus delayed monsoon prospects over north-west regions might affect guar growers who are expecting favorable monsoon conditions during guar sowing period this year. Substantial rise in exports has resulted in low carry forward stocks (15-20 lakh bags) this year which has created a supply crunch in the market. Demand seems to be building up on cues of delay in monsoon coupled with low carry forward stocks. Therefore the rise in demand coupled with supply crunch is likely to keep traders buying across the markets supporting the rally during this week. However, prices have gained substantially during last week which is likely to prompt the traders to go for profit booking therefore market might witness some corrections during the week. According to the derivative analysis, increase in price, volume and decline open interest indicates the chances of volatile trend in price which might be biased towards selling side.

**Technical Analysis:** Guar seed future prices have traded completely higher on last week. It had mad high of 3780 then low of 3446 and settled higher side at 3771. Closing of the candle renders upside potential for the coming week Moving average principle is suggesting upside momentum as prices are trading above the long term and the short term moving averages (EMA 8,21&34) levels indicating strength in the trend. Prices are witnessing immediate resistance is at 3780 level which is previous swings high on breach and sustain above is likely to test 3876 levels this level is supported below mention technical study. The principle of Fibonacci extension states that prices are witnessing immediate resistance at 3876 levels which is 100% of the range 3267-3876levels. On breach and sustain above trade is likely to trade higher in coming session. Initial support is seen at 3732 level which is 76.4% of the range 3267-3876 on breach and sustain below is likely to test next support level of 3646 level which is 61.8% of above mention ranges Momentum indicator RSI 14 Weekly is trading at 0.760 levels and also suggesting smart correction in future prices. Over all we expect guar seed prices to remain bullish in the short term and recommend buying.



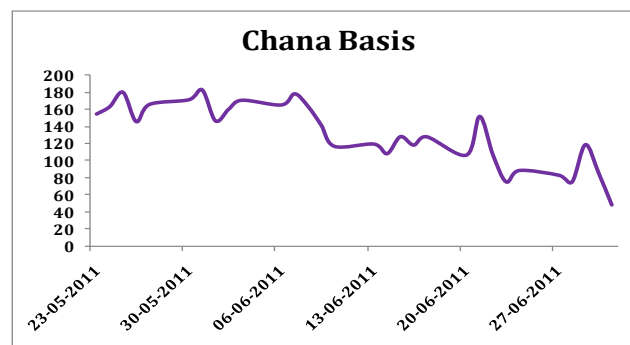
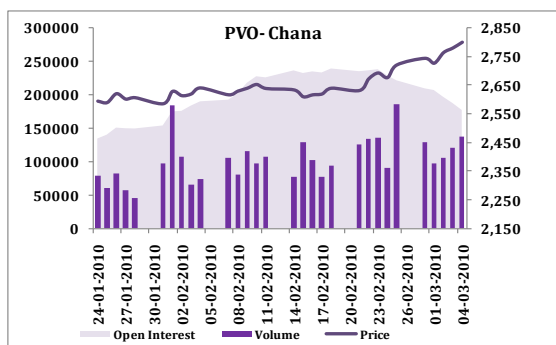
## CHANA (Bullish)

**Recommendation: Chana July NCDEX: Buy at 2802 TP 2843 / 2890 SL below 2751**

**Review:** Chana futures extended its uptrend during last week due to supportive fundamentals across the spot markets. The demand for festive season kept the retailers buying actively across spot markets. Substantial rise in spot price (to Rs.2760 from Rs.2640 per quintal during last week) supported the rally during last week. The acreage under Kharif pulses has declined by 8 per cent (from 4.09 lakh ha to 3.77 lakh ha) compared to that of last year during same period. Traders are expecting entire pulses production to be good this year however; the delay in monsoon during last week raised the concerns. Significant decline in area under chana in Saskatchewan (major chana growing region in Canada) to 1.05 lakh acres against the projections of 1.5 lakh acres due to excessive rains had a positive impact over Indian market.

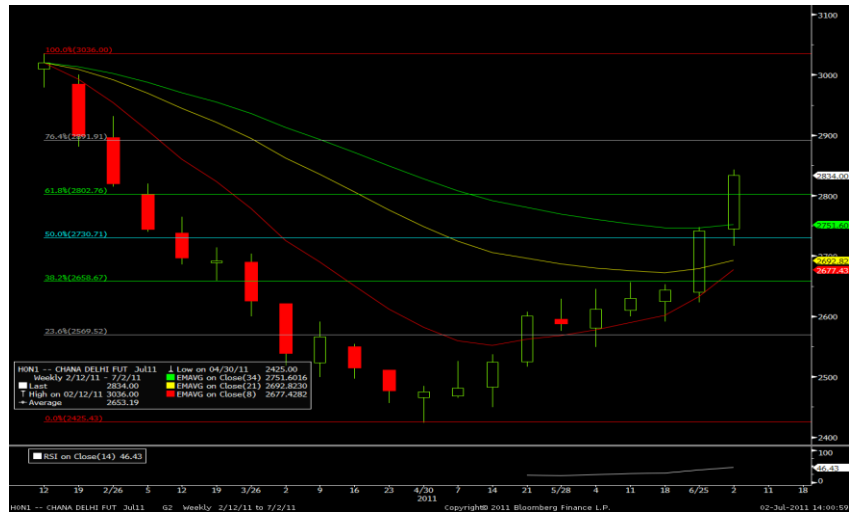
Chana

NCDEX (₹/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Jul-11	2745.00	2843.00	2718.00	2837.00	3.46%	752050	-3.41%	160030	-25.64%	
Aug-11	2818.00	2922.00	2793.00	2917.00	3.66%	809580	54.56%	228920	41.57%	
Sep-11	2867.00	2989.00	2851.00	2984.00	3.76%	75360	54.36%	31960	83.47%	



**Outlook:** We expect chana futures to continue its rally during this week owing to strong fundamentals across the spot markets. Retailers might continue buying across the spot markets anticipating good demand ahead of festive season. Acreage under Kharif pulses has already declined by 8 per cent presently compared to that of last year during same period. However, revival of monsoon over Maharashtra and other parts of central India is expected during this week which might come as a sign of hope for the Kharif pulse growers. According to recent Canadian pulse report, the acreage under pulses in Canada is estimated to decline by 20.4 per cent this year. The total pulses production across the major pulses producers in the world (US, Canada, etc.) is projected to decline by around 17 per cent (to 1.2 million tones) during this crop year which could create a global supply crunch. This scenario might have a positive impact over market sentiments. According to derivative analysis, increase in price while decrease in volume and open interest indicates that though the overall trend for chana is bullish traders might take advantage of substantial gains during last week and are likely go for selling at higher price levels. However, this is might create a new buying point which would support the prices to recover and end the week in green.

**Technical Analysis:** Chana future prices traded completely higher on last week by continuing the previous trend. Prices had made of 2843 then low of 2718 and settled higher side at 2843. Closing of the candle renders upside potential for the coming week. Previous candle high is considered as immediate resistance (2843). Fibonacci Retracement states that prices are witnessing resistance at 2890 levels which is 76.4% Retracement of the range 2425-3036 levels. Immediate support is seen at 2802 level which 61.8% Retracement of the above mention range. On breach and sustain below is likely to test 2751 level which is 34(Weekly EMA) level. The momentum indicator RSI 14 Weekly is trading at 0.464 levels and suggesting upside potential. Going by above technical study we expect prices to trade higher side buy at support levels.



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