



Pulses Weekly

25 July 2011

Guar Complex (Bullish)

Recommendation: Guar seed August NCDEX: Buy at 4460 TP 4770 SL below 4367

Guar gum August NCDEX: Buy at 14060-14080 TP 15725 SL below 13780

Review: Guar seed and gum futures traded positive during last week. The ongoing demand across the physical markets supported the spot price to gain substantially from Rs.3950 to Rs.4450 per quintal. Substantial rise in gum exports during April'10-February'11 has increased to 352911 MT against 192067 MT during last year same period has resulted in low carry-over stocks for this crop year. Therefore the physical markets are running out of supply of guar seed. According to Rajasthan Agriculture Department, the sowing has been completed in around 49 per cent of the total projected area in Rajasthan. The acreage under guar as on 22nd July, 2011 was 13.16 lakh ha against. Both seed and gum August futures touched new high levels during last week as they traded at 4678 and 14754 levels respectively.

Guar Seed

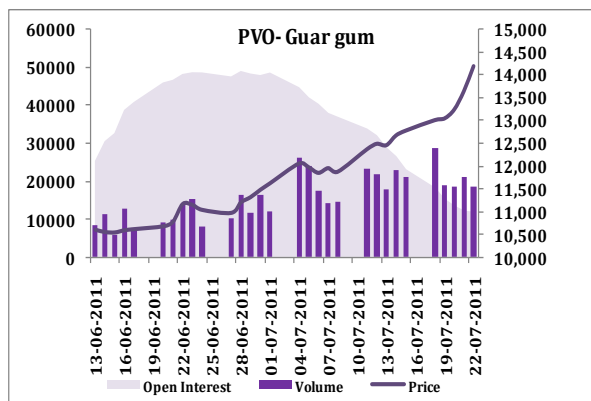
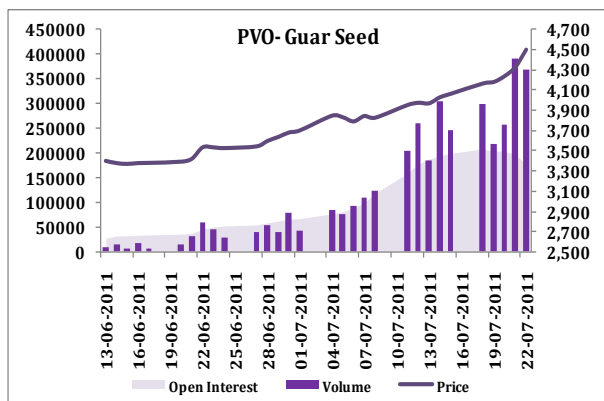
NCDEX (₹/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Aug-11	4107.00	4678.00	4107.00	4678.00	14.21%	1738370	21.39%	166390	-20.54%	
Sep-11	4175.00	4747.00	4173.00	4747.00	14.80%	352160	296.76%	71830	63.62%	
Oct-11	4144.00	4783.00	4144.00	4783.00	16.60%	79570	850.66%	33220	414.24%	

Guar Gum

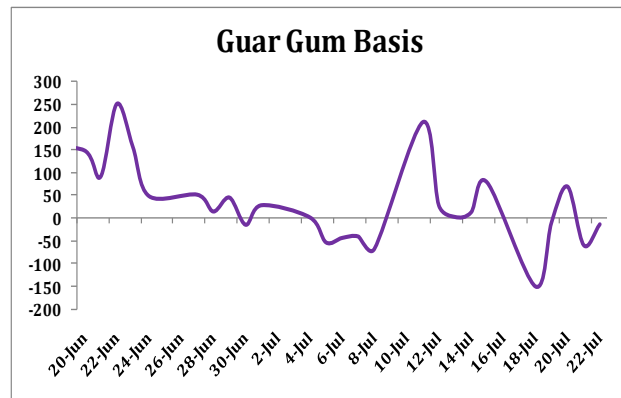
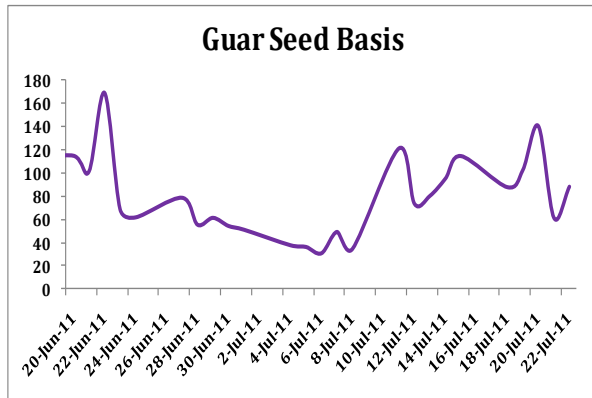
NCDEX (Rs/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Aug-11	12930.00	14754.00	12811.00	14754.00	14.59%	113955	-5.12%	11085	-48.94%	
Sep-11	13244.00	15023.00	13050.00	15023.00	14.54%	58735	20.41%	46830	12.38%	
Oct-11	13287.00	15066.00	13150.00	15066.00	16.12%	7310	376.22%	3690	251.43%	

Spread Matrix				
	Spot	Aug-11	Sep-11	Oct-11
Spot	0			
Aug-11	-268.20	0.00		
Sep-11	-337.20	69.00	0.00	
Oct-11	-373.20	105.00	36.00	0.00

Spread Matrix				
	Spot	Aug-11	Sep-11	Oct-11
Spot	0			
Aug-11	-554.00	0.00		
Sep-11	-823.00	269.00	0.00	
Oct-11	-866.00	312.00	312.00	0.00

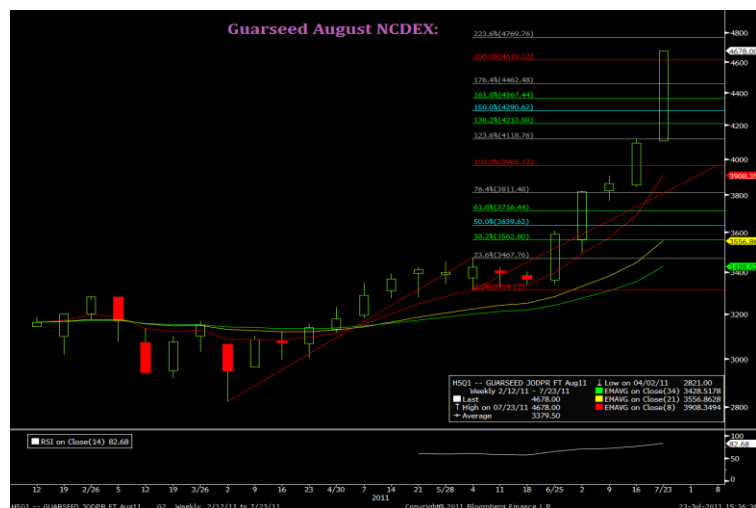


*Basis= Futures- Spot



Outlook: We expect guar seed and gum futures to extend its uptrend for the week. Existing demand for the commodity across the physical markets is likely to support the prices to trade higher. Concerns about the weak monsoon progress over Bikaner (major guar growing region) might further lift the prices. According to Rajasthan Agriculture Department, acreage under guar as on 22nd July, 2011 in Rajasthan has increased to 13.16 lakh ha against 10.12 lakh ha during last year same period. However, only 49 per cent of the projected area is sown so far while growers in remaining 51 per cent area most of which is rainfed region are awaiting monsoon to begin sowing. Exports have raised significantly during April'10 to February'11 to 35.29 lakh bags against 19.21 lakh bags during last year same period. It has resulted in low carry forward stocks for this crop year which has created supply crunch across the physical markets. Therefore the fundamentals across the physical markets are likely to support the uptrend. According to derivative analysis, increase in price, volume and decline in open interest indicates that market might witness a volatile trend with biasness towards buying side while chances of correction cannot be ruled out.

Technical Analysis: Guar seed futures have made a new lifetime high of 4678 levels. It had made a low of 4107 and settled at higher side 4678 levels. Prices are trading in overbought zone where RSI-14 momentum indicator is trading at 0.826 levels, its indicating short term correction in future prices and also moving averages are supporting this view where prices are trading far from moving averages. Previous swing low itself considers as a support 4107 level. Principle of Fibonacci extension states that prices are witnessing resistance at 4770 level which is 223.6% of the range - 2821-3472-3325 levels. On breach and sustain above trade is likely to remain higher side. Principle of Fibonacci extension states that prices are witnessing support at 4462 level which is 176.4% of the above mention range. On breach and sustain below is likely to test 4367 levels 161.8 level of the above mention range. On sustain trade below is likely to remain up, to moving averages levels.



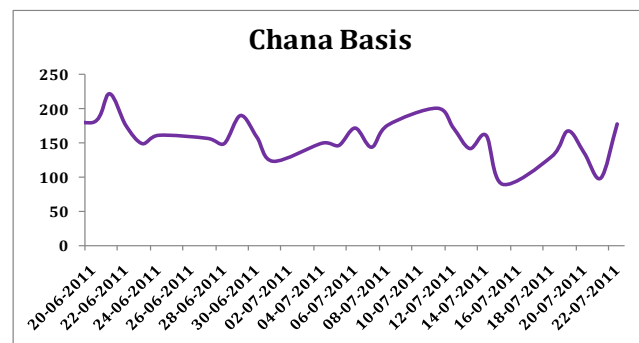
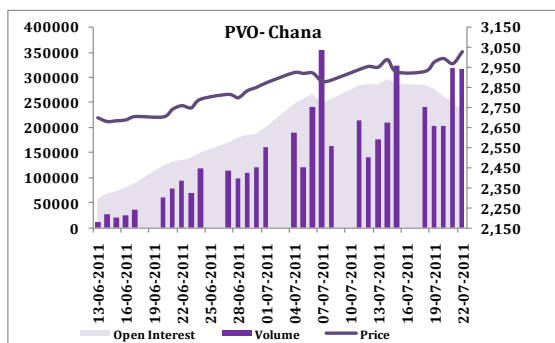
CHANA (Bullish)

Recommendation: Chana August NCDEX: Buy at 3046-3040 TP 3080/3136 SL below 2990.

Review: Chana futures extended its uptrend during last week owing to supportive fundamentals across the physical markets. The ongoing demand from retailers supported the prices across the physical markets to gain substantially from Rs.2830 to Rs.2900 per quintal during last week. Poor production projections in Canada due to delayed sowing prospects because of unfavorable weather conditions had a positive impact over Indian market sentiments. However, favorable monsoon progress supported the sowing to pick up in Maharashtra and Madhya Pradesh came as a relief to the pulse growers. The area under Kharif pulses in Rajasthan as on 22nd July, 2011 was 16.98 lakh ha against 14.41 lakh ha during last year same period. Therefore, the significant sowing progress of Kharif pulses limited the gains.

Chana

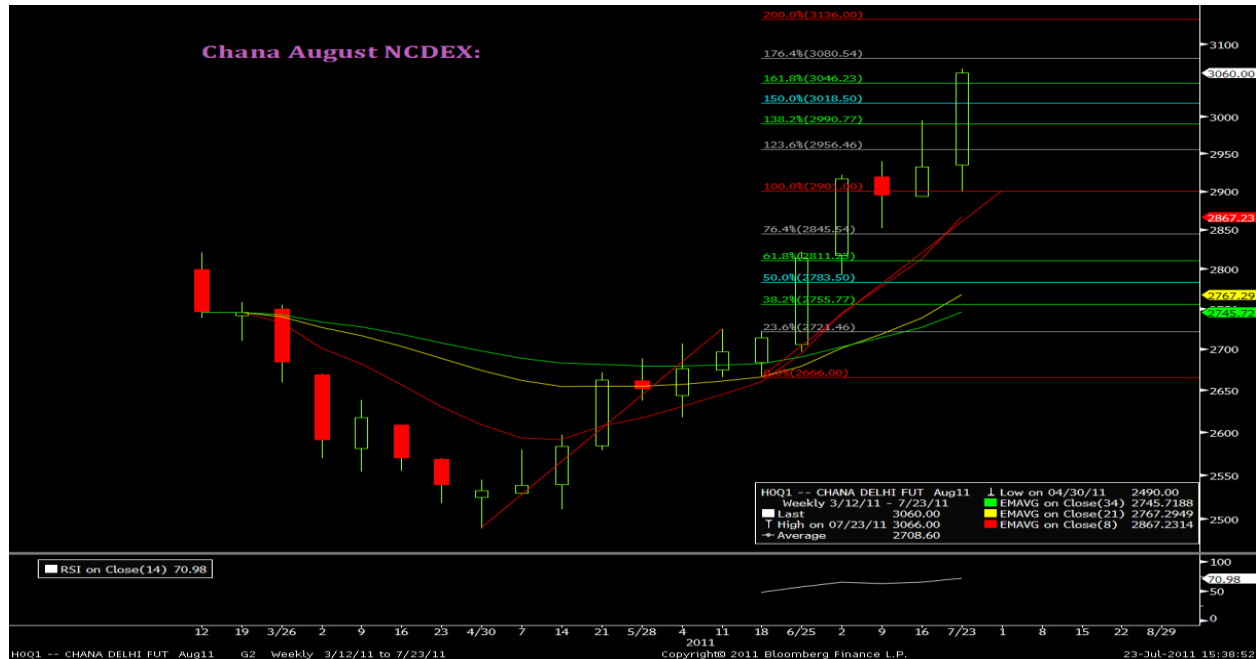
NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Aug-11	2936.00	3066.00	2900.00	3062.00	4.40%	1442350	21.97%	227170	-20.82%
Sep-11	3016.00	3153.00	2983.00	3150.00	4.62%	758540	213.56%	169580	106.70%
Oct-11	3075.00	3224.00	3052.00	3222.00	4.71%	41930	108.71%	14220	44.95%



Outlook: We expect chana futures to retain its uptrend for the week. Good retail demand across the physical markets is likely to support the prices to trade higher during the week. Despite of good sowing progress in Rajasthan the overall Kharif pulses acreage projections are lower at 25.80 lakh ha as compared to 28.95 lakh ha during previous year. Excessive moisture content in soil has affected the sowing prospects in Canada (Manitoba and Saskatchewan). Therefore, total production of pulses and other special crops is projected to decline by 28 per cent to 4.0 million tons. Lower carry forward stocks coupled with poor production prospects in Canada have led to the projections regarding fall in total supply by 26 per cent to 5 million tons. Therefore, exports are likely to tighten by 28 per cent to 3.5 million tons which might have a positive impact over Indian market sentiments. However, the good sowing progress of Kharif pulses in Maharashtra and Madhya Pradesh might limit the gains. According to derivative analysis, increase in price, volume and decline in open interest indicates a volatile trend with probability of correction but biased towards buying side.

Technical Analysis: Chana futures have made a new lifetime high of 3066 levels. It had made a low of 2900 and settled at higher side 3060 levels. Prices are trading in overbought zone where RSI-14 momentum indicator is trading at 0.709 levels, its indicating short term correction in future prices and also moving averages are supporting this view where prices are trading far from moving averages. Principle of Fibonacci

extension states that prices are witnessing support at 3046 level which is 161.8% of the range 2490-2725-2666 levels. On breach and sustain below trade is likely to test 3018 then 2990 levels which is Fibonacci extension 150% and 138.2% levels respectively. Principle of Fibonacci extension states that prices are witnessing resistance at 3080 level which is 176% of the range 2490-2725-2666 levels. On breach and sustain above is likely to test 3136 levels which is 200% of the above mention range. Even though prices are trading in over bought zone but closing of the big white candle shows buying pressure in futures price. Buy at support levels.



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