



# Pulses Weekly

29<sup>th</sup> August, 2011

## Guar Complex (Bullish)

**Recommendation: Guar seed September NCDEX: Buy at 4400-4424 TP 4590/4899 SL below 4285**

**Guar gum September NCDEX: Buy at 14060-14090 TP 14870 SL below 13880**

**Review:** Guar seed and gum futures traded positive during last week. The revival of monsoon over north-west regions of India supported the recovery of sowing prospects in rainfed regions of Rajasthan however, the overall acreage projections remained lower (27 lakh ha against 30 lakh ha during last year) as compared to that of last year. The sowing progress was still lagging as acreage under guar (as per Rajasthan Agriculture Department) as on 23rd August, 2011 had declined to 26.08 lakh ha against 30 lakh ha during last year same period. Traders took advantage of losses during the penultimate week and went for buying at lower price levels which supported the prices to trade higher during the week. The prices across the physical markets gained significantly from Rs.3970 to Rs.4400 per quintal owing to the concerns among the traders regarding the production prospects of guar during this crop year.

### Guar Seed

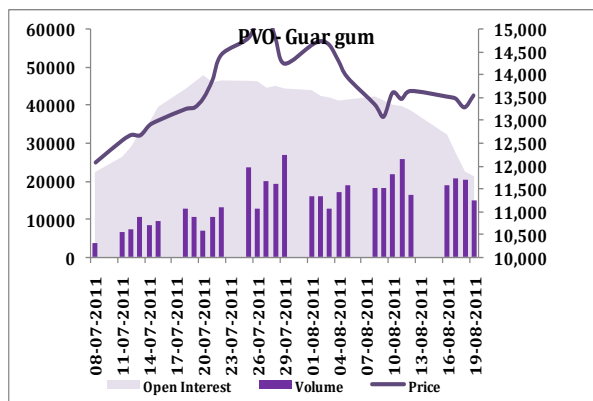
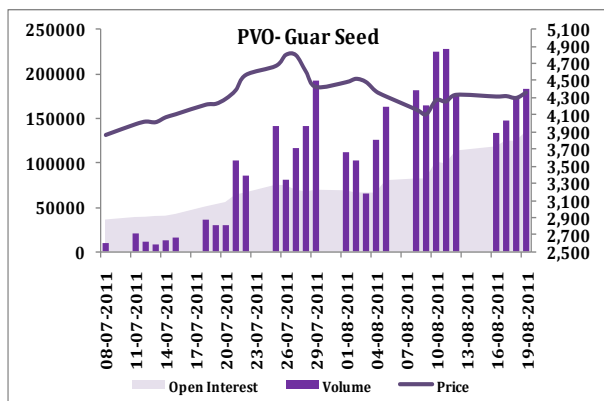
NCDEX (₹/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Sep-11	4315.00	4564.00	4287.00	4502.00	4.58%	1007640	34.63%	124770	-4.41%	
Oct-11	4312.00	4549.00	4295.00	4497.00	3.98%	278000	54.14%	80450	15.66%	
Nov-11	3990.00	4098.00	3938.00	4051.00	1.91%	141620	-0.03%	93720	16.84%	

### Guar Gum

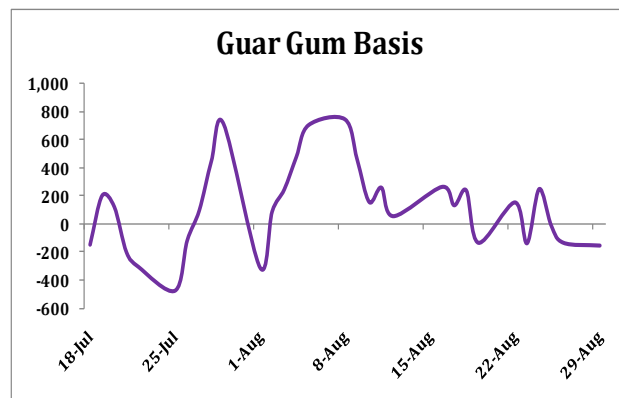
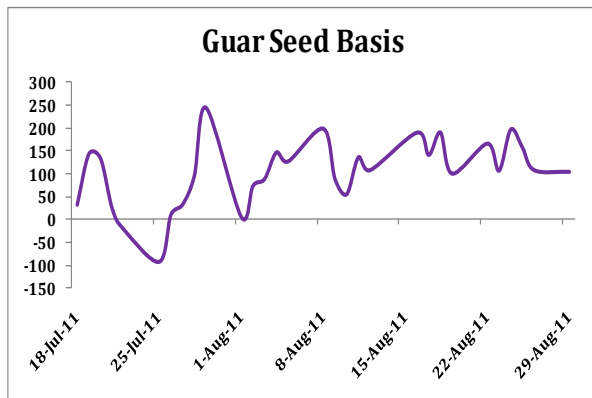
NCDEX (Rs/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Sep-11	13424.00	14498.00	13321.00	14339.00	6.78%	65840	-24.27%	16725	-14.56%	
Oct-11	13650.00	14680.00	13541.00	14539.00	6.71%	62360	13.74%	41615	7.05%	
Nov-11	13000.00	13600.00	12862.00	13506.00	4.17%	7580	32.06%	6165	22.44%	

Spread Matrix				
	Spot	Sep-11	Oct-11	Nov-11
Spot	0			
Sep-11	-107.80	0.00		
Oct-11	-102.80	-5.00	0.00	
Nov-11	343.20	-451.00	-446.00	0.00

Spread Matrix				
	Spot	Sep-11	Oct-11	Nov-11
Spot	0			
Sep-11	56.00	0.00		
Oct-11	-144.00	200.00	0.00	
Nov-11	889.00	-833.00	-833.00	0.00



\*Basis= Futures- Spot



**Outlook:** We expect guar seed and gum futures to trade positive during the week. Around 97 per cent of the projected area under guar in Rajasthan during this year has been sown so far. Revival of monsoon over north-west India has supported the sowing progress in rainfed region but still the projected overall acreage in Rajasthan remains lower by 3 lakh ha at 27 lakh ha in compared to 30 lakh ha during last year. According to Rajasthan Agricultural Department, acreage under guar as on 23rd August, 2011 has declined to 26.08 lakh ha against 30 lakh ha during last year same period. The export demand is also a concern because as per the latest data from APEDA gum exports on March 2011 had increased substantially to 4.03 lakh MT compared to 2.19 lakh MT during March 2010. Concerns regarding the guar production and export prospects might continue to bother the traders which might prompt them to go for buying. Withdrawal of Special Cash Margin of 5% imposed on the Long side on all running contracts of Guar gum (GARGUMJDR) by NCDEX with effect from Monday, August 29, 2011 might have an impact over market sentiments. According to derivative analysis, increase in price, volume while decline in open interest indicates volatility in prices. However, the open interest in October and November contract has increased owing to the confidence and willingness of traders to open their positions which indicates bullish trend.

**Technical Analysis:** Guar seed futures have traded on higher side reversing its previous trend. Week has gone by making a high of 4564 then low of 4287 and settled higher side 4480 level. Closing of the white shows buyers' interest at this level and is also indicating an upside momentum for the coming session. Principle of the Fibonacci retracement states that, prices are witnessing support at 4424 level which is 23.6% of the range 2866-4905 level. Crucial support is seen at 4285 level which is the previous candle low and also 8 (Weekly EMA) level by observing weekly chart which was the reversal point for last



week. In case on beach and sustained trade below is likely to test 4126 level which is Fibonacci retracement of the 38.2% of the above mentioned range. Initial resistance is seen at 4590 level which is recent high of the futures. On sustained trade above is likely to test 4899 level which is life time high of the guar seed futures. Going by the above technical study, we expect prices to trade on higher side. Buy at support levels.

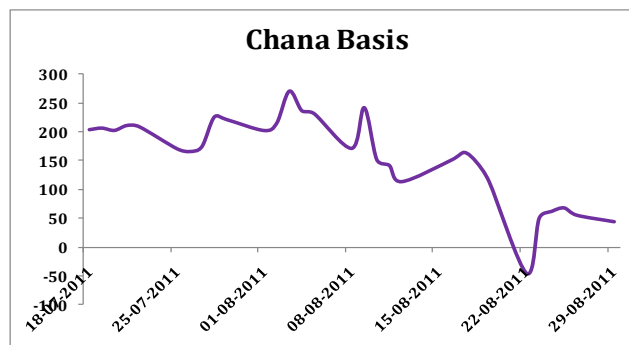
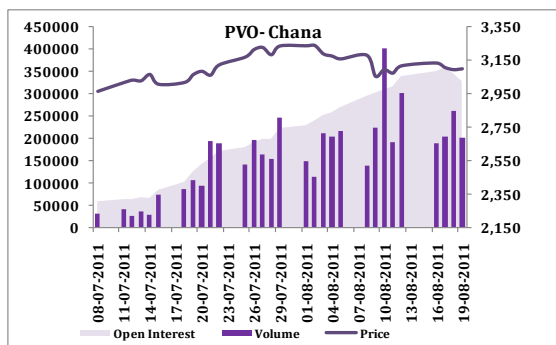
## CHANA (Bullish)

**Recommendation: Chana September NCDEX: Buy at 3233 TP 3395 SL below 3140**

**Review:** Chana futures traded positive during last week. Chana prices made a new high as they traded at 3274 levels in September contract. Market sentiments witnessed the impact of weak sowing progress of Kharif pulses. Despite of recovery of monsoon the overall acreage under Kharif pulses as on 26th August, 2011 still remained low at 102.64 lakh ha against 115.66 lakh ha during last year same period. Demand seemed to be building up across the physical markets as the spot prices gained substantially to Rs.3180 against Rs.3000 per quintal. The Kharif pulses sowing progress in Rajasthan as on 23<sup>rd</sup> August, 2011 had declined to 24.17 lakh ha against 28.95 lakh ha during last year same period. Sowing in major pulses producing regions had been completed which raised the concerns among the trader regarding the overall production prospects. Projected decline in yellow pea production (often used as a substitute for chana) by 26 per cent also raised concerns among the traders. Excessive rains had led to the decline in acreage under pulses in Australia and Canada which had affected production scenario. Therefore, the concerns about the export volumes from these countries to be limited during this year had an impact over Indian market sentiments.

Chana

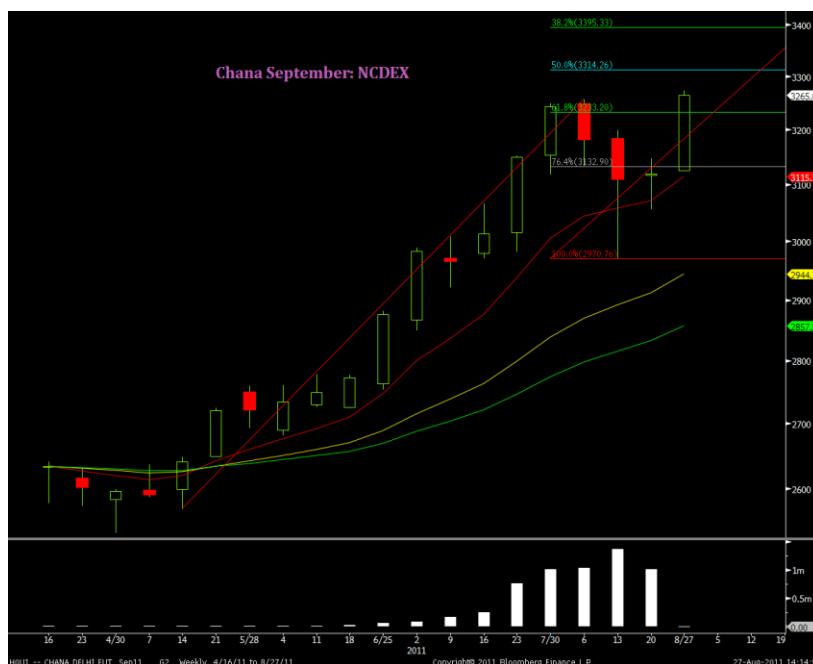
NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Sep-11	3126.00	3274.00	3126.00	3270.00	4.81%	1275150	26.84%	296280	-7.01%
Oct-11	3235.00	3363.00	3235.00	3359.00	4.61%	635600	61.89%	146620	25.23%
Nov-11	3345.00	3434.00	3329.00	3429.00	4.45%	72420	-14.81%	68510	12.04%



**Outlook:** We expect chana futures to trade positive during the week. Market might witness more buying owing to the ongoing festive demand for chana. Overall acreage under Kharif pulses as on 26th August, 2011 has declined to 102.64 lakh ha against 115.66 lakh ha during last year same period which might have an impact over the market sentiments which might continue to have an impact over the market sentiments. Concerns about the projected decline in yellow pea production which is also used as a substitute for chana by 26 per cent might continue to bother the traders as they are anticipating a further rise in demand for chana. Decline in production of pulses in Australia and Canada due to delayed sowing and excessive rains during crop development is likely to affect their export volumes which might have an impact over Indian market sentiments regarding the supply concerns. Therefore, with respect to the mentioned fundamentals market might witness an uptrend during the week. According to derivative analysis, increase in price, volume while decline in open interest indicates volatility in prices. However, the open interest in October contract has increased owing to the confidence and willingness of traders to open their positions which indicates bullish trend.

**Technical Analysis:** Chana futures have traded higher side reversing its previous short-term bearish rally. Prices have made new life time high of 3273 then low of 3126 and settled on higher side at 3265 levels.

Closing of the Bullish Abandoned Baby Pattern is a very rare reversal signal. Principle of Fibonacci projection states that, prices are witnessing support at 3233 level which is 61.8% of the range 2571-3258-2972 level. On breach and sustained trade below is likely to test 3140 level which is Fibonacci projections of the 76.4% of above mentioned range. This level is almost is matching with weekly 8EMA level. Initial resistance is seen at 3314 which on breach and sustained trade above is likely to test 3395 level which are Fibonacci projections of 50% and 38.2% respectively from above mentioned ranges. Volumes indicator is



suggesting higher side momentum by increasing volume from last 3 weeks for coming session. Going by above technical study, we expect prices to trade higher side. Buy at support level.

## Maize (Bearish)

**Recommendation: Maize September NCDEX: Sell at 1195-1202 TP 1123 SL above 1225**

**Review:** Maize futures traded negative during last week. Recovery in sowing of maize due to revival of monsoon had a negative impact over market sentiments. Overall acreage under maize in India as on 26th August, 2011 had recovered up to 72.01 lakh ha against 72.74 lakh ha during last year same period which is likely to have a positive impact over market sentiments. Sluggish demand across the physical markets supported the maize prices to trade downside. The prices across the physical market declined to Rs.1250 against Rs.1270 per quintal during last week. According to Andhra Pradesh Agriculture Department, area under maize in Andhra Pradesh as on 24th August, 2011 has increased to 4.64 lakh ha against 4.30 lakh ha during last year same period.

Maize

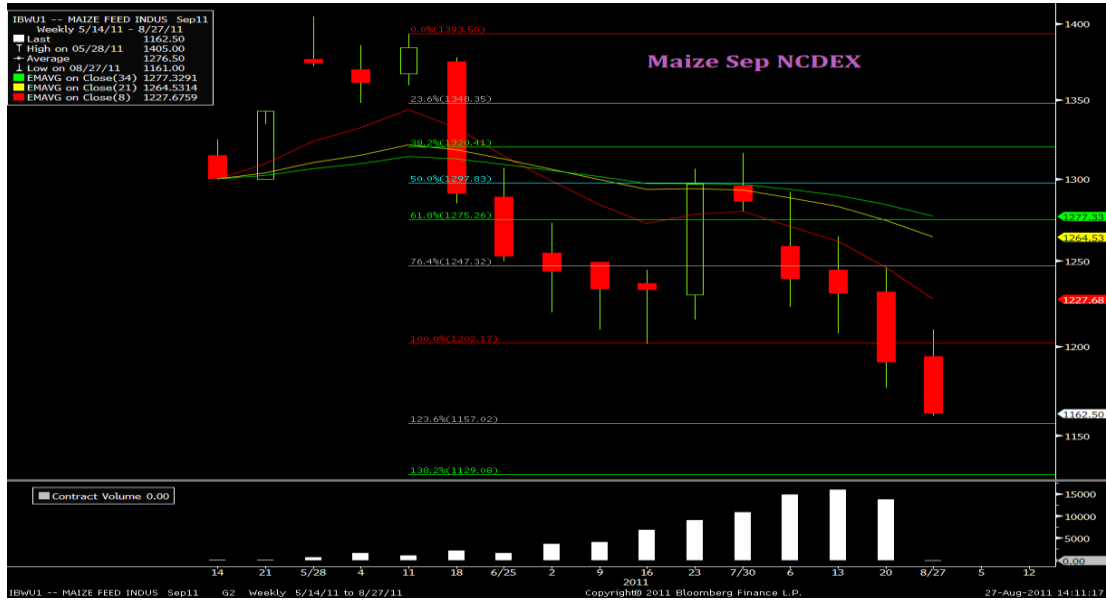
Contract	NCDEX ( /Quintal)					Volume	% Change	Open Interest	% Change
	Open	High	Low	Close	% Change				
Sep-11	1194.50	1210.00	1161.00	1168.00	-1.93%	9420	-31.29%	19630	-5.31%
Oct-11	1183.00	1221.00	1161.00	1174.50	-0.89%	5210	47.59%	12740	-3.92%
Nov-11	1188.00	1206.50	1163.00	1187.00	0.13%	4020	0.50%	17100	-6.81%

Spread Matrix				
	Spot	Oct-11	Nov-11	Jan-00
Spot	0			
Sep-11	41.00	0.00		
Oct-11	34.50	6.50	0.00	
Nov-11	22.00	19.00	12.50	0.00

**Outlook:** We expect maize futures to trade negative during the week. Sluggish demand across the physical markets is likely to pressurize the prices. Recovery in sowing progress in Andhra Pradesh and Karnataka has helped to cover the decline in acreage under maize to a large extent. Though overall acreage figures are lagging compared to that of previous year the sowing progress has been good owing to revival of monsoon which came as a relief to maize growers in Andhra Pradesh and Karnataka. Therefore, it is likely to have an impact over the market sentiments affecting the prices. According to derivative analysis, decline in price, volume and open interest indicates bullish trend as there might be fresh buying at lower price levels. However, the volume has increased in October and November contract which indicates that market might witness volatile price movement.

**Technical Analysis:** Maize September futures have been continuing bearish rally since last 5 weeks. The week has gone by making a high of 1210 then low 1161 and settled on lower side at 1168 levels. Closing of the candle formation shows weakness in futures. Principle of Fibonacci projections states that, prices are witnessing support at 1157 level which is 123.6% of the range 1393-1320-1202 level. On sustained trade below is likely to test 1129 level which is Fibonacci projections 138.2% of the above mentioned range. Initial resistances is seen at 1202 level which is Fibonacci projections of 100% of the above mentioned range and also this level is almost matching with previous week high. Next resistance is seen at 1125 level which is weekly 8 EMA level. As prices are trading far from moving averages which is indicating short term correction

in futures. Going by the above technical study, we expect prices to trade downside recommend selling at resistance levels.



## Disclaimer

The report contains the opinions of the author that are not to be construed as investment advice. The author, directors and other employees of Karvy, and its affiliates, cannot be held responsible for the accuracy of the information presented herein or for the results of the positions taken based on the opinions expressed above. The above-mentioned opinions are based on the information which is believed to be accurate and no assurance can be given for the accuracy of this information. There is risk of loss in trading in derivatives. The author, directors and other employees of Karvy and its affiliates cannot be held responsible for any losses in trading.

Commodity derivatives trading involve substantial risk. The valuation of the underlying may fluctuate, and as a result, clients may lose their entire original investment. In no event should the content of this research report be construed as an express or an implied promise, guarantee or implication by, or from, Karvy Comtrade that you will profit or that losses can, or will be, limited in any manner whatsoever. Past results are no indication of future performance. The information provided in this report is intended solely for informative purposes and is obtained from sources believed to be reliable. Information is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted.

We do not offer any sort of portfolio advisory, portfolio management, or investment advisory services. The reports are only for information purposes and not to be construed as investment advice.

For a detailed disclaimer please go to following URLs:

<http://www.karvycomtrade.com/disclaimer.asp>

<http://www.karvycomtrade.com/riskDisclaimer.asp>