

14<sup>th</sup> November, 2011

## Guar Complex (Bearish)

**Recommendation: Guar seed December NCDEX: Sell at 4235/4250 TP 4100/4050 SL 4370**

**Guar gum December NCDEX: Sell at 13700-750 TP 13336/12887 SL 14070**

**Review:** Guar seed and gum futures traded negative during last week. Arrival built across the markets pressurized the prices to decline. Arrivals in Jodhpur physical markets that were hovering around 60,000-70,000 bags in the penultimate week increased to over 1 lakh bags (1 bag = 100 kg) during last week. Fresh arrivals had also begun in Bikaner physical markets which gained momentum. Therefore, it had a negative impact over the prices. Also the sluggish demand for guar gum across the markets due to anticipated decline in demand for gum from US and European buyers continued to bother the traders' sentiments. Prices across the physical markets had declined from Rs.4650 to Rs.4150

### Guar Seed

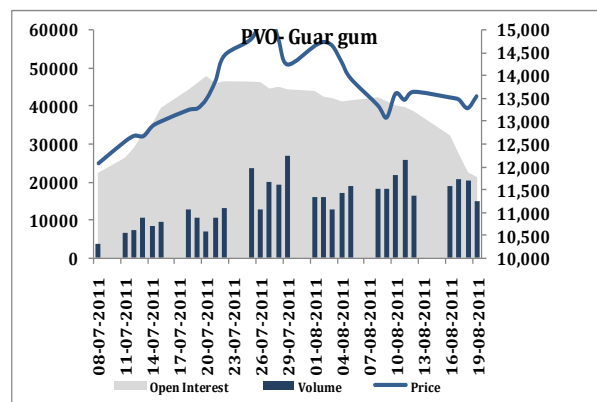
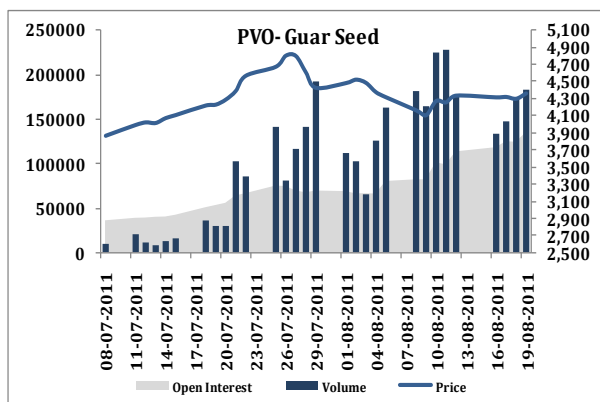
NCDEX (₹/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Dec-11		4394.00	3996.00	4160.00	-5.33%	913580	-6.01%	193150	14.72%	
Jan-12		4483.00	4093.00	4272.00	-4.71%	178680	6.57%	49870	81.21%	
Feb-12		4546.00	4162.00	4348.00	-4.36%	11620	139.09%	3710	9.12%	

### Guar Gum

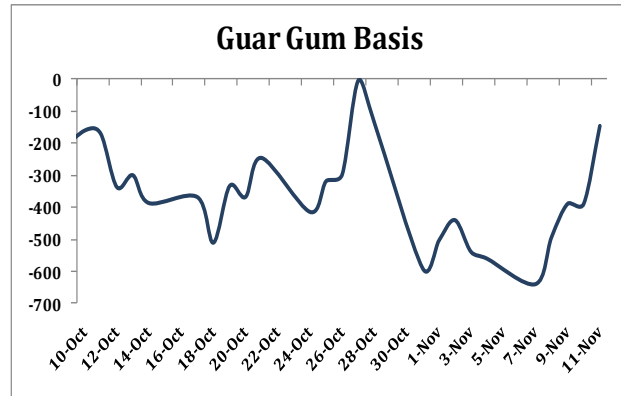
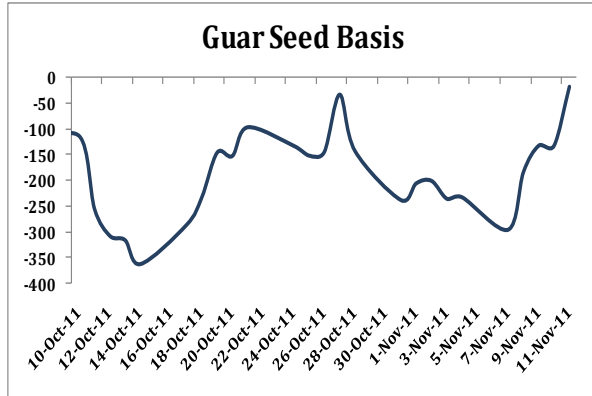
NCDEX (Rs/Quintal)										
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change	
Dec-11		13950.00	12665.00	13437.00	-3.68%	83770	15.80%	15370	0.03%	
Jan-12		14144.00	12870.00	13686.00	-3.24%	19415	123.80%	4525	45.26%	
Feb-12		14393.00	13100.00	13919.00	-3.29%	560	64.71%	250	8.70%	

Spread Matrix				
	Spot	Dec-11	Jan-12	Feb-12
Spot	0			
Dec-11	23.20	0.00		
Jan-12	-88.80	112.00	0.00	
Feb-12	-164.80	188.00	76.00	0.00

Spread Matrix				
	Spot	Dec-11	Jan-12	Feb-12
Spot	0			
Dec-11	-37.00	0.00		
Jan-12	-286.00	249.00	0.00	
Feb-12	-519.00	482.00	482.00	0.00

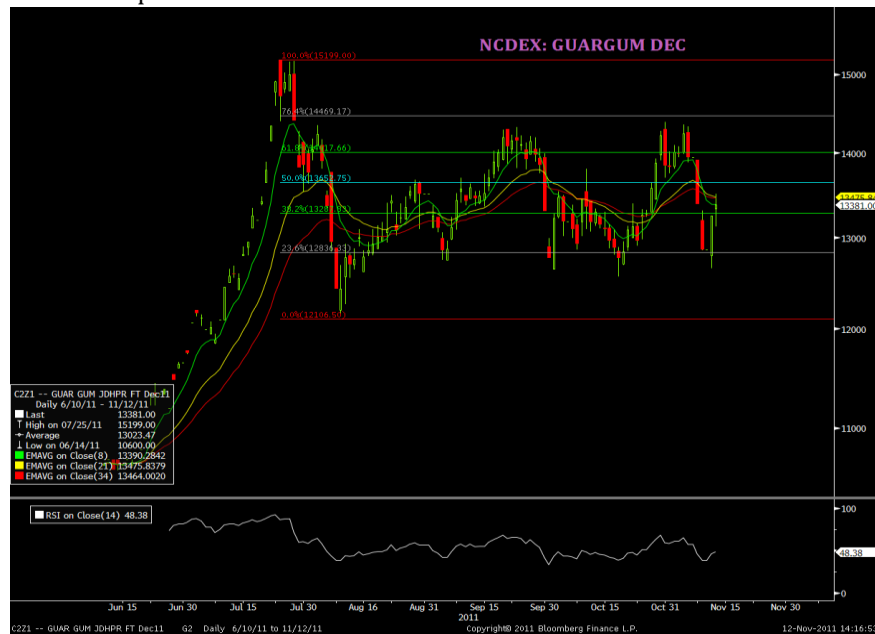


\*Basis= Futures- Spot



**Outlook:** Guar seed and gum futures are expected to trade downside during the week. Arrival pressure is likely to continue to affect the prices to trade on a negative note. Arrivals in Jodhpur physical markets have been around 1 lakh bags and is expected to increase further. Arrivals in Bikaner physical markets are likely to increase to around 4,000-5,000 bags against 1,500 bags during last week. Therefore, it might continue to have a negative impact over the price movement. The demand for gum is also sluggish as currently there is no fresh exports order for gum which also might further add to the losses. Overall fundamentals are suggesting a bearish trend therefore, we expect guar seed and gum futures to extend its downtrend. According to derivative analysis, decline in price, volume and increase in open interest indicates bearish trend.

**Technical Analysis:** Beginning of the week price have traded lower side however it had recovered all the loss at the end of the week. Finally the week has gone by closing at higher side 13420 levels. Closing of the candle is suggesting indecisive momentum in guar seed prices for coming week. But looking at the weekly price chart, prices are trading in a range of 14500-12200 from more than 3 months. Prices are not able to sustain above the 61.8% of the previous major bearish trend. Principle of Fibonacci extensions states that prices are witnessing resistance at 13700 levels which is 50% of the range 15235-12610 levels. On breach and sustained trade above is likely to test 61.8% of the Fibonacci extension levels 14061. Fibonacci extension levels 38.2% and 23.6% may act as support levels for coming week 13336 then 12887 levels. Going by above technical study we expect price to trade in the range of 14061 to 12887 levels recommended to sell at resistance levels.



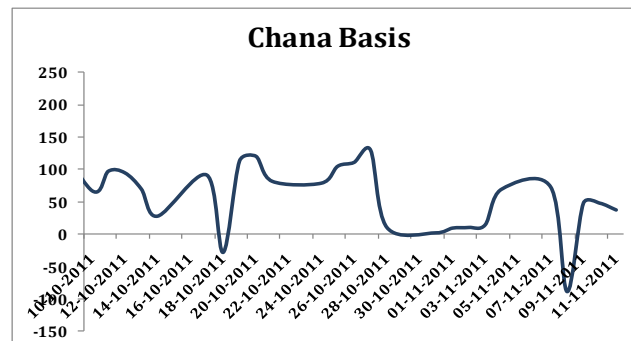
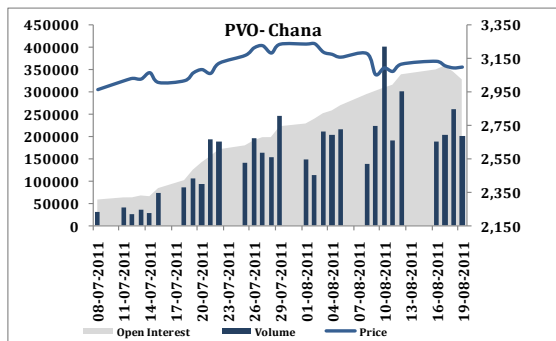
## CHANA (Bearish)

**Recommendation: Chana December NCDEX: Sell at 3520-3530 TP 3434 / 3330 SL 3640**

**Review:** Chana futures broke its three week up streak as it traded negative during last week. Traders took advantage of substantial gains earlier and went for selling at higher levels which pressurized the prices to decline. However, fundamentals across the physical markets remained bullish owing to regular demand and lower supplies across the markets. Despite of the fall in the futures the prices across the physical markets remained stable at Rs.3500 per quintal. Sowing progress chana in Andhra Pradesh had been weak as the area covered as on 9th November, 2011 has been lower at 2.70 lakh ha against 4.06 lakh ha during last year same period. On contrary, chana acreage in Rajasthan as 8th November, 2011 has been higher at 12.21 lakh ha compared to 8.20 lakh ha during same time last year. Though the sowing progress was good in Rajasthan the overall targeted acreage was lower (17 lakh ha compared to last year's 17.83 lakh ha). Therefore, despite the bullish fundamentals across the physical markets chana futures ended the week in red.

Chana

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11		3603.00	3381.00	3496.00	-2.32%	664170	-5.17%	160940	17.11%
Jan-12		3688.00	3481.00	3592.00	-2.15%	158610	5.27%	62110	23.38%
Feb-12		3514.00	3358.00	3458.00	-1.59%	30060	11.79%	30290	14.17%



**Outlook:** Chana futures are expected to trade negative during the week. According to Ministry of Agriculture, the crop acreage under pulses as on 11<sup>th</sup> November 2011 is rise up to 45.07 lakh ha as compared to 36.86 lakh ha during last year same period. According to Rajasthan Agriculture Department, chana acreage as 8th November, 2011 has been higher at 12.21 lakh ha compared to 8.20 lakh ha during same time last year. Therefore, good sowing progress of chana might have a negative impact over the prices. However, regular demand along with scarce supply across the physical markets might limit the fall. Also still the sowing progress in Andhra Pradesh has been weak as the area covered as on 9th November, 2011 has been lower at 2.70 lakh ha against 4.06 lakh ha during last year same period. According to derivative analysis, decline in price, volume and increase in open interest indicates bearish trend.

## Maize (Bearish)

**Recommendation: Maize December NCDEX: Sell at 1118-1124 TP 1080/1070 SL 1145**

**Review:** Maize futures traded negative during last week. Fresh arrivals in Nizamabad and Davangere markets had gained momentum which had build pressure over the prices. Activities across the major markets remained sluggish as the NCDEX session remained closed due to festive holidays during the week also supported the downtrend. However, good demand from stockiest side in Delhi market minimized the losses. Prices across the physical markets were down from Rs.1100 to Rs.1050 per quintal.

### Maize Futures

Contract	Open	High	Low	NCDEX (€/Quintal)		Volume	% Change	Open Interest	% Change
				Close	% Change				
Dec-11		1138.00	1095.00	1108.50	-1.69%	5310	-22.03%	6210	10.89%
Jan-12		1160.00	1132.00	1137.00	-1.90%	1210	-3.20%	1550	37.17%
Feb-12		1188.00	1161.00	1161.00	-2.27%	100	100.00%	140	27.27%

### Spread Matrix

	Spot	Jan-12	Feb-12	Jan-00
Spot	0			
Dec-11	100.50	0.00		
Jan-12	72.00	28.50	0.00	
Feb-12	48.00	52.50	24.00	0.00

**Outlook:** Maize futures are expected to trade negative during the week. Arrival pressure might increase further as the arrivals in Nizamabad and Davangere markets are likely to increase. Therefore, it might create a negative impact over the prices. Sluggish demand for maize in these markets might further pressurize the prices to trade downside. On contrary, stockiest demand for maize in Delhi is likely to increase therefore it influence over market sentiments might limit the losses. According to derivative analysis, decline in price, volume and increase in open interest indicates bearish trend.

## Wheat (Bullish)

**Recommendation: Wheat December NCDEX: Buy at 1170-1180 TP 1220 SL 1150**

**Review:** Wheat futures traded negative during the week. Farmers' Welfare and Agriculture Development Department (Madhya Pradesh) had projected the sowing acreage of wheat to increase from 45.72 lakh ha to 49 lakh ha during this crop year which had a negative impact over market sentiments. Produce under Open Market Sale Scheme of sale of 9 lakh tons which include carry-forward stocks from the marketing year of 2008-09 and 2009-10 led to variation in demand. Therefore, price movement was volatile during the week. However, the overall trend in November and January contracts remained positive. Recent hike in Minimum Support Prices (MSP) of wheat by around 15 per cent to Rs.1285 per quintal supported the prices to trade higher. Targeted acreage projection in Rajasthan for wheat is lower to 28 lakh ha against previous crop year's 30.36 lakh ha. Prices across the physical markets gained from Rs.1170 to Rs.1200 per quintal.

Wheat

Contract	NCDEX (Rs/Quintal)								
	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11		1204.00	1172.00	1192.00	-0.33%	23040	-35.03%	23130	-1.74%
Jan-12		1237.00	1206.00	1226.00	-0.16%	4540	-42.89%	5020	7.26%
Feb-12		1254.00	1224.00	1238.00	0.41%	600	-1.64%	510	21.43%

**Outlook:** Wheat futures are expected to trade positive during the week. Regular demand across the market might support the prices to trade higher. Government stocks have declined during this month as it was 29.67 million tons as on November 1, 2011 against 31.43 million tons as on October 1, 2011. According to Rajasthan Agricultural Department, acreage projection in Rajasthan for wheat is lower to 28 lakh ha against previous crop year's 30.36 lakh ha. Therefore, it might continue to have a positive impact over market sentiments. However, higher acreage projections in Madhya Pradesh (increase from 45.72 lakh ha to 49 lakh ha during this crop year) might limit the gains. According to derivative analysis, decline in price, volume and open interest indicates that traders have liquidated their positions which is likely to create fresh buying opportunity at lower price levels supporting uptrend.



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