



10 December 2011

Guar Complex (Bearish)

Recommendation: Guar seed January NCDEX: Sell below 5640 TP 5480/5304 SL 5801

Guar gum January NCDEX: Sell below 17850 TP 16660 SL 18610

Review: Guar seed and gum futures gained substantially during last week as crushers and millers were keen on buying guar seed on anticipation of the demand to revive. Spot prices hovered around ₹5500/quintal while arrivals remained largely stable. Millers and crushers were active to meet crushing requirement for current season. Stockists were actively buying to refill their pipeline which had declined drastically during last year due to robust gum exports. News of export duty to be imposed and import subsidy to be reduced still prevailed in the markets.

Guar Seed

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	5516.00	5930.00	5508.00	5758.00	3.41%	1335870	39.94%	135360	57.05%
Jan-12	5644.00	6046.00	5591.00	5873.00	3.43%	69510	13.50%	18880	37.21%
Feb-12	5750.00	6151.00	5730.00	5954.00	2.67%	5120	16.89%	1640	25.19%

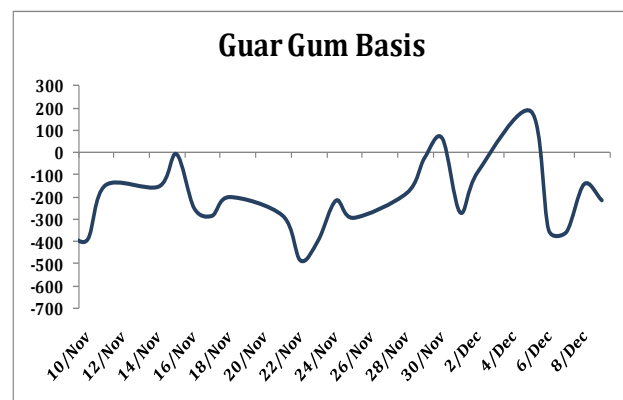
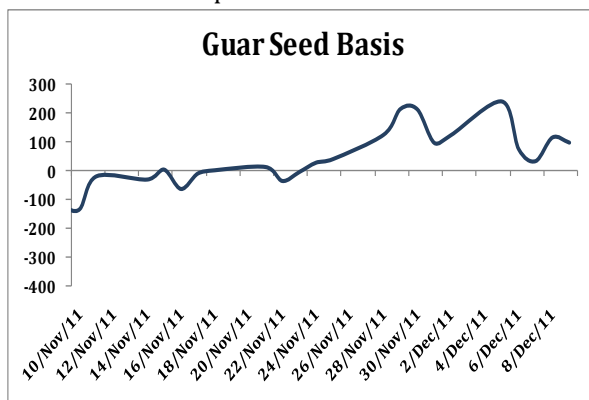
Guar Gum

NCDEX (Rs/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	17124.00	18577.00	17010.00	18108.00	5.30%	55330	-30.15%	10665	-19.14%
Jan-12	17350.00	18760.00	17302.00	18425.00	5.34%	109540	8.71%	20665	7.91%
Feb-12	17700.00	19052.00	17575.00	18672.00	4.24%	7665	29.81%	3025	88.47%

Spread Matrix				
	Spot	Dec-11	Jan-12	Feb-12
Spot	0			
Dec-11	-262.50	0.00		
Jan-12	-377.50	115.00	0.00	
Feb-12	-458.50	196.00	81.00	0.00

Spread Matrix				
	Spot	Dec-11	Jan-12	Feb-12
Spot	0			
Dec-11	192.00	0.00		
Jan-12	-125.00	317.00	0.00	
Feb-12	-372.00	564.00	564.00	0.00

*Basis= Futures- Spot



Outlook: Guar seed and gum futures might resume weak trend in the week ahead. Arrival pressure is expected to increase in week ahead as harvesting has completed across major guar seed growing regions in Rajasthan. Special margin of 10% is levied on all running contracts of guar seed and guar gum from which 5% is special cash margin which might have negative impact on prices. Export demand is highly escalated by



market participants which might not sustain for long period in market. Demand for churi and korma is also reported weak during current year which might further keep prices under pressure. Basis of gum is negative which indicates future demand for the commodity is weak as a result of which prices of both seed and gum might decline during next week. No decision about the import duty is reported yet which might lead the prices hay wire. Production during current year might remain same as last year around 1 crore bags while carry forward stocks are reported to be nil.

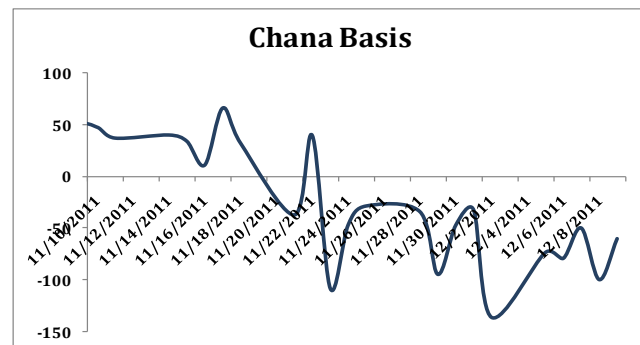
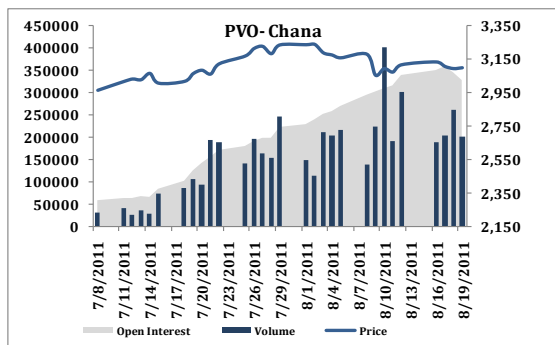
CHANA (Bullish)

Recommendation: Chana January NCDEX: Buy at 32160-3190 TP 3397 SL 3070

Review: Chana futures gained substantially during last week as weather conditions in major growing regions remained as threat to crop. Cold weather was not so intense to support good crop growth of chana which is raising concerns of crop production. Despite higher acreage trade sources are worried about the crop quality or yields due to the weather which helped prices to gain drastically. Marriage season demand for dal and besan is yet another factor which is supporting prices along with lower import expectations during current year. Arrivals in Delhi market remained around 35-40 motors while spot prices gained by ₹25/quintal towards end of the week to 3250/quintal.

Chana

Contract	NCDEX (₹/Quintal)								
	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	3121.00	3347.00	3121.00	3243.00	4.38%	785380	17.78%	88070	1.21%
Jan-12	3151.00	3362.00	3148.00	3293.00	5.07%	161030	-7.54%	30850	-8.40%
Feb-12	3079.00	3329.00	3079.00	3270.00	6.97%	73220	14.21%	30290	14.17%



Outlook: Chana prices might resume uptrend during week ahead as the imports of pulses during current year might drop to 1.5 million tons from regular imports of 2 million tons. During November and December chana imports would be source for meeting demand in domestic markets. Possible lower imports might keep prices in upswing during week ahead. Chana acreage so far is 7.94 million hectares compared to 7.97 million hectares during last year. Crop damage of chana due to insufficient low temperature might help prices to gain substantially. Crop in south India is also expected to be lower during current year as acreage was marginally down by 10% and weather concerns also prevailed in south.

Technical Analysis:

Futures have traded higher side by reversing previous short term bearish rally. Closing of the white candle stick is showing strength in buyer at these levels. Prices might continue to trade limited higher side in coming session also, below mentioned technical tool are supporting this view. According to moving average scenario prices always move along with the moving averages but in above price chart prices are trading far from the



moving averages this principle is supporting prices to trade higher side. Principle of Fibonacci retracement states that prices are witnessing resistance at 3320 level then 3397 levels which are 38.2% 50% of the range 3726-3070 levels respectively for down side also same indicator support is falling at 3220 level which is 23.6% of the above mentioned range. Incase if prices breach and sustained below is likely to test recent low of 3070 in weekly generic chart. Momentum indicator RSI-14 is supporting prices to trade higher side in coming session by trading at 0.397. Overall expecting continuation of bull back recommended to buy at support levels for small targets.



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