



17 December 2011

Guar Complex (Bearish)

Recommendation: Guar seed January NCDEX: Trading Range: 5780-6580

Guar gum January NCDEX: Trading Range: 18800-21300

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 surged drastically to ₹6200/quintal during beginning of the week from ₹5500/quintal in the previous week. Arrivals remained around 2-3 lakh bags initially while it has started gradually declining as peak arrivals season has come to and end across major spot markets. Stockists were actively buying to refill their pipeline which had declined drastically during last year due to robust gum exports.

Guar Seed

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	5791.00	6955.00	5782.00	6247.00	8.23%	1314640	-7.28%	175280	29.49%
Feb-12	5925.00	7074.00	5913.00	6348.00	7.85%	158470	111.52%	28680	51.91%
Mar-12	5750.00	6151.00	5730.00	5954.00	2.67%	5120	16.89%	2520	53.66%

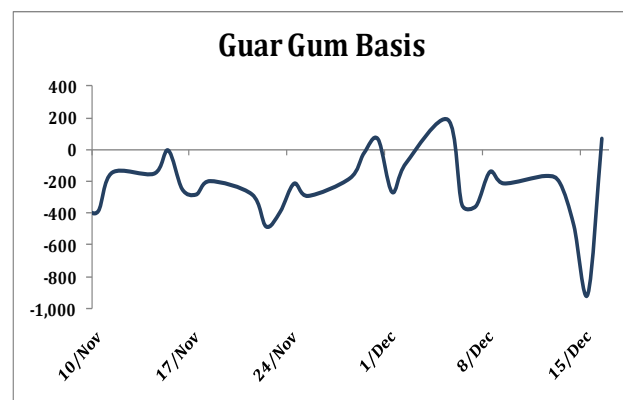
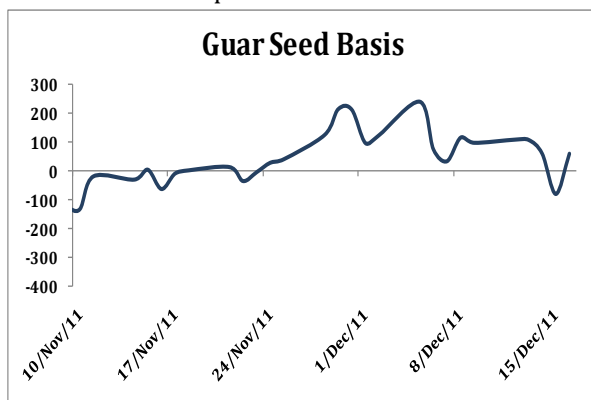
Guar Gum

NCDEX (Rs/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	18300.00	22119.00	18300.00	20037.00	10.23%	29840	-48.35%	6715	-37.04%
Feb-12	17350.00	18760.00	17302.00	18425.00	5.34%	109540	8.71%	20665	7.91%
Mar-12	19289.00	22789.00	19216.00	20452.00	9.21%	17250	110.62%	3550	17.36%

Spread Matrix				
	Spot	Jan-12	Feb-12	Mar-12
Spot	0			
Jan-12	63.35	0.00		
Feb-12	-37.65	101.00	0.00	
Mar-12	356.35	-293.00	-394.00	0.00

Spread Matrix				
	Spot	Jan-12	Feb-12	Mar-12
Spot	0			
Dec-11	768.00	0.00		
Jan-12	2380.00	-1612.00	0.00	
Feb-12	353.00	415.00	415.00	0.00

*Basis= Futures- Spot



Outlook: Guar seed and gum futures resume weak trend in the week ahead. Special margin of 10% is further added on long positions of guar seed and gum contracts with effect on 19/12/2011 which might keep prices under pressure. Marker news of the export duty on guar gum upto 20% is still prevailing which is not yet confirmed by any authorized sources. Export demand is highly escalated by market participants which might



not sustain for long period in market. Guar gum manufacturers association has opined such substantial speculative rise in prices might affect guar seed and gum demand from importing nations which might also affect the market sentiments. This might as well lead to higher arrivals liquidating at such higher price level might be more profitable for farmers than waiting for prices to cool off a bit. Demand for churi and korma is also reported weak during current year which might further keep prices under pressure. Production during current year might remain same as last year around 1 crore bags while carry forward stocks are reported to be nil.

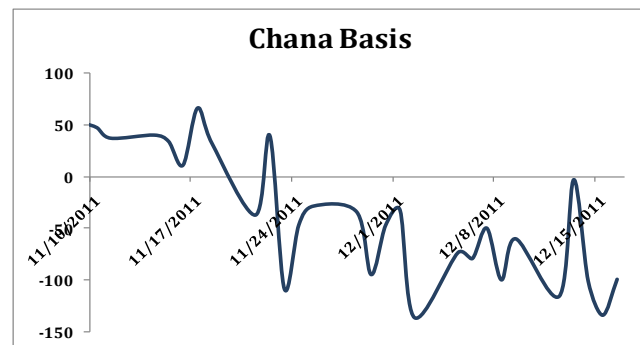
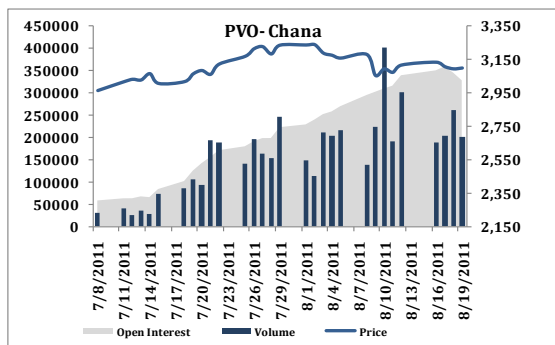
CHANA (Bullish)

Recommendation: Chana January NCDEX: Buy at 3300-3314 TP 3390 then 3467 SL 3219

Review: Chana futures gained substantially during last week as supply side of chana is reported to be weak during current crop year. Crop in south India is estimated lower with stable acreage across major growing regions of south India. Spot prices surged substantially by ₹50-80/quintal across major markets which helped futures prices also to gain. Marriage season demand for dal and besan is yet another factor which is supported the prices. Arrivals in Delhi market remained around 30-35 motors while spot prices gained to ₹3300/quintal towards closing of the week.

Chana

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	3233.00	3406.00	3152.00	3383.00	4.35%	971430	15.90%	136710	55.23%
Feb-12	3300.00	3438.00	3221.00	3408.00	3.34%	161290	-4.97%	38170	23.73%
Mar-12	3251.00	3338.00	3188.00	3223.00	-1.44%	56400	-27.30%	30290	14.17%



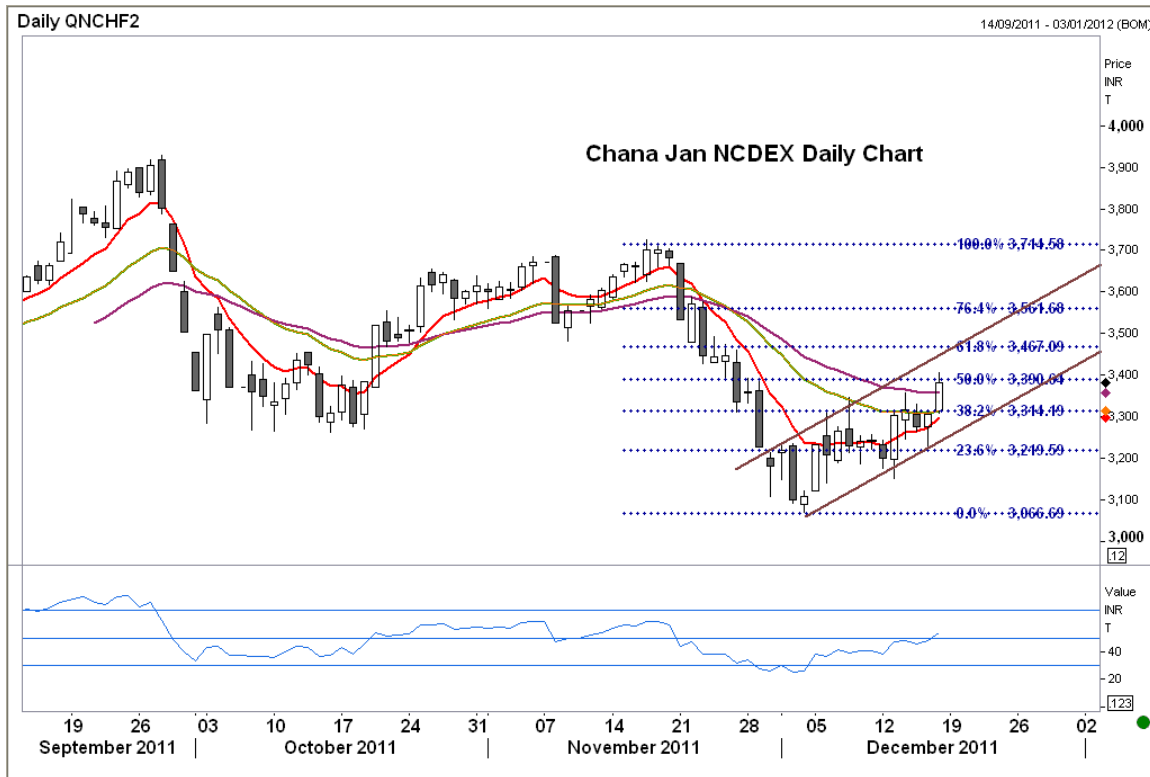
Outlook: Chana prices might sustain uptrend during the week ahead as final acreage number of chana has reported decline to 83.55 lakh ha against 86.36 lakh ha in corresponding last year. Imports of pulses during current year might drop to 1.5 million tons from regular imports of 2 million tons. Possible lower imports might keep prices in upswing during week ahead. 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. Crop condition across major growing regions is reported to be better with congenial weather conditions which might limit any steep surge in prices.

Technical Analysis:

Chana futures have traded higher side by continuing previous correction. Closing of the long white candle is showing strength in buyers at these levels. In weekly price futures are hovering at resistance levels of 3390 where short term moving average (8EMA) and Fibonacci retracement of 50% is falling at same levels. On breach and sustained trade above is likely to test 3467 levels which is Fibonacci retracement of 61.8%. In



daily price chart futures are trading in the short term rising trend channel and this resistance also matching with Fibonacci retracement of 61.8%. Principle of the Fibonacci retracement states that prices are witnessing support at 3314 then 3219 levels which is 38.2% and 23.6% of the range 3714-3066 levels. Momentum indicator RSI -14 is supporting prices to trade limited higher side by trading at 0.523. Overall expecting prices to trade limited higher side and recommended to buy at support levels.



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PULSES WEEKLY

