



2 January 2012

## Guar Complex (Bearish)

**Recommendation: Guar seed January NCDEX: Sell at 7230-7260 TP 6850/6650 SL 7485**

**Guar gum January NCDEX: Sell at 23780-23840 TP 22800/22370 SL 24435**

**Review:** Guar seed and gum futures declined as absence of export demand due to holiday season due to Christmas and New Year. Arrivals remained much lower as the peak arrivals season has come to an end across major markets. Intervention of the FMC and large number of raids and legal measures like increasing the margins also kept the prices under pressure. Such substantial increase in prices was affecting the industry and also the profitability on exports which led to intervention of the regulator. Arrivals remained around 70000 bags initially while it has started gradually declining as peak arrivals season has come to an end across major spot markets.

### Guar Seed

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	7105.00	7480.00	6671.00	7052.00	-1.93%	615950	-47.94%	110760	-25.73%
Feb-12	7251.00	7590.00	6797.00	7181.00	-1.98%	202010	-25.41%	70100	93.11%
Mar-12	7232.00	7645.00	6871.00	7248.00	-2.05%	11780	-46.60%	4900	79.49%

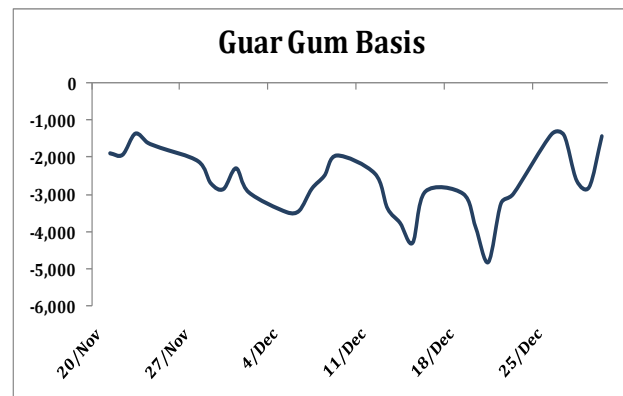
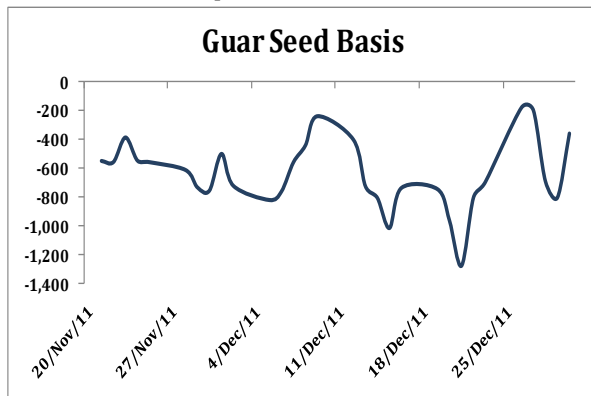
### Guar Gum

NCDEX (Rs/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	19899.00	21673.00	19602.00	21673.00	8.16%	2450	-91.79%	2460	-63.37%
Feb-12	23416.00	24838.00	22017.00	23456.00	-0.90%	64620	-36.07%	23765	-5.43%
Mar-12	23722.00	25229.00	22382.00	23836.00	-1.10%	31510	-0.94%	11560	124.25%

Spread Matrix				
	Spot	Jan-12	Feb-12	Mar-12
Spot	0			
Jan-12	-74.85	0.00		
Feb-12	-203.85	129.00	0.00	
Mar-12	-270.85	196.00	67.00	0.00

Spread Matrix				
	Spot	Jan-12	Feb-12	Mar-12
Spot	0			
Dec-11	1435.75	0.00		
Jan-12	-347.25	1783.00	0.00	
Feb-12	-727.25	2163.00	2163.00	0.00

\*Basis= Futures- Spot



**Outlook:** Guar seed and guar gum prices might remain bearish during next week as fresh export orders are subdued across major spot markets. Peak arrival season has come to an end across major markets which is



resulting in lower supplies. End of arrival season might limit the down fall in prices. Production estimates are hovering around 90 lakh bags to 1 crore bags. Demand is expected to be on gradual rising note of 10-15%.

FMC investigation in Rajasthan, Delhi, Madhya Pradesh and Uttar Pradesh are still prevailing to check the possibility of price rigging. Severe cold weather in rajasthan regions might result in weak spot market activities. Absence of fresh export demand and rumors about the stock limit might affect the market sentiments and keep the prices down side in the week ahead.

## Technical Analysis:

Guar seed January futures has reached to its short-term peak at 7480 last week. It is quite visible from the chart guar seed prices have formed an ending diagonal chart pattern on daily charts which is supports for the bearish momentum. Also we can observe a spinning top candlestick pattern on weekly chart is one of the strong evidence for the assumption of bearish momentum in near-term perspective. According to pattern now the resistance levels pegged around 7230 levels which is coincidence with the trend-line resistance (by joining the rising lows of 6145 and 6671) also. On the downside 6650 will act as an immediate support levels any sustainable close below the same will drag the prices towards the next support of 6400 so far. The momentum indicator RSI-14 period is trading in overbought zone (0.86) and has already given a downside crossover by supporting the bearish momentum.





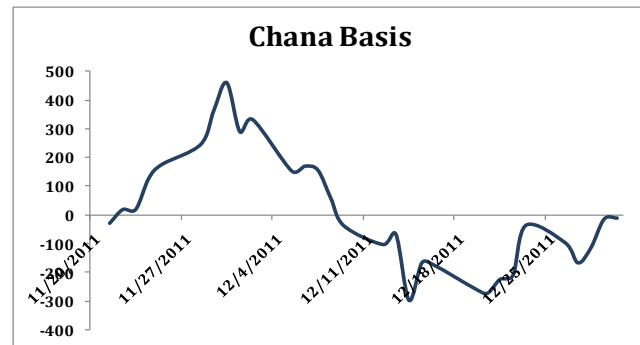
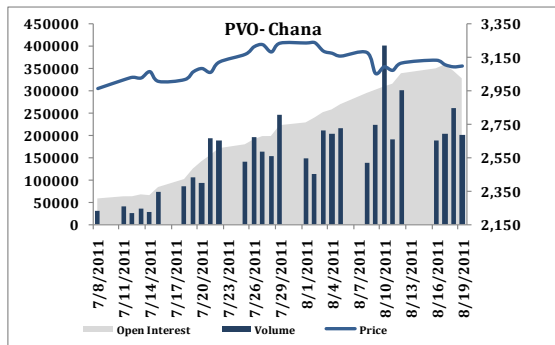
## CHANA (Bullish)

**Recommendation:** Chana January NCDEX: *Buy at 3290-3310 TP 3450 SL 3215*

**Review:** Chana futures have gained largely during last week owing to the bad weather in south Indian regions. Cyclone thane resulted in some showers across south India which affected markets sentiments. Spot prices have gained by ₹50-80/quintal across major markets which supported prices at futures. Arrivals declined to 25 motors across major spot markets compared to 35 motors during the penultimate week. Strength in pulses complex also lent support to the chana prices to remain in upswing. Lower Kharif production during 2010 which is supported the prices.

Chana

Contract	NCDEX (₹/Quintal)								
	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jan-12	3190.00	3335.00	3190.00	3288.00	3.36%	522310	-37.75%	130010	-12.68%
Feb-12	3209.00	3321.00	3209.00	3251.00	1.98%	215140	-23.20%	53590	11.95%
Mar-12	3159.00	3250.00	3099.00	3122.00	-0.10%	66240	-38.52%	33870	-23.34%



**Outlook:** Chana prices might extend the gains in week ahead. Arrivals from south India might be delayed by 20-25 days during this time which might support prices. Kharif arrivals have come to end across major pulse growing regions which might support positive trend in prices. Intense cold weather conditions forecasted over Rajasthan regions might affect the crop which could result in positive price movement. Crop in south India is also expected to be lower during current year as acreage was marginally down by 10%. Final acreage number of chana has reported decline to 83.55 lakh ha against 86.36 lakh ha in corresponding last year. Chana production might be at par with last year which might not be sufficient enough to meet the demand which will help prices to increase further. Marriage season demand for dal and besan is also supportive for prices.



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