



Anusandhaan-2014

An expedition into *futures* via research

1st January, 2014

Dear client, writing for this moment is always special as it allows me to feel that unique warmth in a wintry dawn...the warmth of a transformation...the warmth of a new beginning. Welcome **2014!** Welcome the **change**.

In this special moment, I am proud to present you the yearly edition of our research report on commodities, named this year as '**Anusandhaan-2014**'. The philosophy of research is that 'Future is again in the past' & before disclosing our views for this New Year, I would like to take you in retrospect. Exactly a year back and later on Diwali, we gave our strong views & predictions on commodity market for the year 2013 and I am more than happy to say that almost all of our price predictions or strategies went in line with the market and were bang on the target like prediction of a strong negative trend in Gold and superb rallies in Crude Oil, Natural Gas & Copper. But all these achievements would bear no importance without you. Thus, I would like to thank you for showing immense confidence in our hard work and appreciating the same from time to time.

So, let us begin this segment-wise interesting expedition into the future of *futures*:-

Anusandhaan BULLION			
Commodity	Highlights	Trend	Strategy
GOLD	<ul style="list-style-type: none"> ✓ We predicted last year that Gold is now in a major bearish trend. The worst-ever fall seen in 2013 will continue in 2014 as well with more impulsion in second half. However, the first half may bring in some bounce back in the form of a relief rally. ✓ We also predicted last year that Gold will lose its 'Safe haven' status in 2013. In 2014 too, Gold is looking set to hamper its worth as announcement of gradual withdrawal of bond purchasing program by US FED will shift focus back towards Dollar & core industrial commodities. 	<p>Mid-term trend is Sideways</p> <p>Long term trend is DOWN</p>	<ul style="list-style-type: none"> ➤ Important resistance now lies at \$1250, which if broken decisively will bring in a small relief rally. But since major trend is bearish, the focus must be to book profits in long positions at higher levels & go for short near resistances. ➤ Trading range in Indian markets likely to be Rs.25000-Rs.32500.



<p>SILVER</p>	<ul style="list-style-type: none"> ✓ Currency disparities will have a comparatively minor role this year in Silver prices as economies worldwide are likely to continue their recovery phase and traders' focus will be on growth in industrial metals' demand to derive price of Silver. ✓ Physical demand may see some growth this year since Silver is extensively used in consistently performing electronics industry. 	<p>Mid-term trend is UP</p> <p>Long term trend is DOWN</p>	<ul style="list-style-type: none"> ➤ \$18 is crucial support at COMEX, breakdown of which may push prices further down towards \$16. Major resistance is at \$21 which if broken may fuel a rally towards \$25. Buy aggressively on short term breakouts and look to short sell on resistance at \$25 ➤ Trading range likely to be Rs.37000-Rs.55000 at MCX.
<p>Anusandhaan BASE METALS</p>			
<p>COPPER</p>	<ul style="list-style-type: none"> ✓ As predicted last year, worldwide demand will continue to remain positive in 2014 too as US and European countries gears up for a recovery & China's new leadership showing good commitment. ✓ Gradual withdrawal of bond purchasing program by US Fed will have a positive impact in long run. There is no hurdle in supplies at present but contingent factors like production halt due to mine strikes, accidents & maintenance must be considered. 	<p>Long term trend is UP</p>	<ul style="list-style-type: none"> ➤ Overall strategy will be to buy on dips to Rs 440-425. Major support lies at Rs.395 whereas major resistance is at all time high of Rs.513 which if crossed decisively can take prices towards Rs.575-Rs.600 range.
<p>NICKEL</p>	<ul style="list-style-type: none"> ✓ Supply is presently at higher levels but may get absorbed in second half as industrial growth get back on track in Europe. ✓ Lowering parity with substitutes will start showing positivity in prices soon. 	<p>Long term trend is UP</p>	<ul style="list-style-type: none"> ➤ Long term strategy is to buy on considerable dips. Rs.815-Rs.800 levels will attract buying. Overall range likely to be Rs 790-Rs.1050.



Anusandhaan ENERGY

<p>CRUDE OIL</p>	<ul style="list-style-type: none"> ✓ As predicted in our last year's report, Crude traded well above \$100 in 2013. This year too, the trend is likely to turn up again since in last 3-4 months it has seen substantial fall. ✓ Demand from US, China & Indian will keep the momentum up. However, the current falling trend may get extended in first quarter. 	<p>Mid-term trend is DOWN</p> <p>Long term trend is UP</p>	<ul style="list-style-type: none"> ➤ NYMEX Crude may witness fall towards \$90 before turning up in the above \$110 levels. ➤ Trading range at MCX likely to remain between Rs.5200-Rs.8300.
<p>NATURAL GAS</p>	<ul style="list-style-type: none"> ✓ NG outperformed all commodities in 2013 in line with our expectations. The energy segment showed a clear shift towards consumption of natural gas in many countries. Less vulnerability to geo-political tensions made it an attractive commodity to bet for. ✓ Advanced production techniques in US will continue to show their impact this year too. Huge export demand is likely to come to US this year. 	<p>UP</p>	<ul style="list-style-type: none"> ➤ We predicted last year that NYMEX gas may reach \$7 in near future when it was struggling around \$2. Our prediction went in line as NYMEX NG traded at \$4.5 in 2013. Our forecast for \$7 may get achieved this year. Buy at MCX on dips to Rs.240-Rs.230. Trading Range-Rs.220-Rs.450.

Anusandhaan AGRO

Agro commodities saw an overall up trend with Oilseeds and Spices leading the growth in second half. However, elections in 5 states and the upcoming assembly elections kept price rise under check. So, let us continue our Anusandhaan-2014 by shifting focus now on Agro commodities. ***(To be continued on next page)***



Anusandhaan Soy-Complex

Commodity	Highlights	Trend	Strategy
SOYBEAN	<ul style="list-style-type: none"> ✓ The unprecedented rally seen in 2012 took a halt in 2013 and gave considerable correction. ✓ Reports of bumper crop in US, Argentina & Central India triggered a correction but few extra spells of rainfall again set the momentum up. Overall, the supply side has been given much importance and the demand has been ignored. This factor will play a key role in 2014. 	<p>Mid-term trend is Sideways</p> <p>Long term trend is UP</p>	<ul style="list-style-type: none"> ➤ The primary trend is still highly impulsive and this year we may get to see new all time highs ➤ Trading range in Indian markets likely to be Rs.3200-Rs.6500.
RMSEED	<ul style="list-style-type: none"> ✓ The oilseed saw a major correction in 2013 as huge supplies kept market under pressure. ✓ The scenario may change in second quarter this year with NAFED and other major market players clearing their positions. 	<p>Mid-term trend is Sideways</p> <p>Long term trend is UP</p>	<ul style="list-style-type: none"> ➤ Overall strategy will be to buy on dips. ➤ Trading range in Indian markets likely to be Rs.3000-Rs.4500.

Anusandhaan SPICES

DHANIYA	<ul style="list-style-type: none"> ✓ 2013 was a great year for the rounded seed spice with prices trading over Rs.8500. ✓ Production in limited area of Rajasthan & MP quickly created an under-supply status. 	<p>Long term trend is UP</p>	<ul style="list-style-type: none"> ➤ Dhaniya is a commodity which provides ample opportunities to trade on both buy/sell sides. However, the long term trend still favors for buy but ideally one should wait for a considerable dip.Buy around Rs.7000-Rs.6800.
TURMERIC	<ul style="list-style-type: none"> ✓ Prices saw a good appreciation after a long term negative & consolidation phase. ✓ Talks about quality of crop were the main factor that triggered a rally. ✓ Export demand is set to increase this year and with limited area under cultivation, we may see a continuation of the rally this year. 	<p>Long term trend is UP</p>	<ul style="list-style-type: none"> ➤ Long term strategy is to buy on dips to Rs.6200-Rs.6000 levels. Overall range likely to be Rs 5700-Rs.9000.



ARIHANT capital markets Ltd.
www.arihantcapital.com

Report Prepared By:

Gaurav Katariya
Senior - Commodity Analyst
ARIHANT Future & Commodities Ltd
6 Lad Colony, Y.N. Road
Indore-452001

Contact

SMS: 'Arihant' to 56677

Website

www.arihantcapital.com

Email Id

research@arihantcapital.com

**Arihant is Forbes Asia's '200 Best under a \$Billion' Company
'Best Emerging Commodities Broker' awarded by UTV Bloomberg**

Disclaimer: This document has been prepared by Arihant Capital Markets Limited (hereinafter called as Arihant) and its subsidiaries and associated companies. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. Receipt and review of this document constitutes your agreement not to circulate, redistribute, retransmit or disclose to others the contents, opinions, conclusion, or information contained herein. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. All recipients of this material should before dealing and or transacting in any of the products referred to in this material make their own investigation, seek appropriate professional advice. The investments discussed in this material may not be suitable for all investors. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this material. Arihant Capital Markets Ltd (including its affiliates) or its officers, directors, personnel and employees, including persons involved in the preparation or issuance of this material may; (a) from time to time, have positions in, and buy or sell or (b) be engaged in any other transaction and earn brokerage or other compensation in the financial instruments/products discussed herein or act as advisor or lender/borrower in respect of such securities/financial instruments/products or have other potential conflict of interest with respect to any recommendation and related information and opinions. The said persons may have acted upon and/or in a manner contradictory with the information contained here and may have a position or be otherwise interested in the investment referred to in this document before its publication. The

ARIHANT Capital Markets Ltd

3rd Floor Krishna Bhavan, 67 Nehru Road, Vile Parle (E), Mumbai 400057.
T. 022-42254800. Fax: 022-42254880
www.arihantcapital.com