

Chana: Chance Maar le!

CMP: Rs 4840 (As on 04th Dec 2015)

Buy on decline: Rs 4840-4770

Target Price: Rs 5050-5200

Stop loss: < Rs 4700

If we talk about agro commodities, the year 2015 will be remembered for uptrend in pulses. The gigantic rise seen in prices of pulses, particularly Tur daal raised various questions on our government's distribution and import policy. However, most of the people raising questions conveniently ignored important facts like decreasing crop acreage, huge dependency on pulses' import, low crop in top producer countries and a lack of effective incentive policy for farmers in last decade of rule. Keeping these fundamental facts in mind, one should be ready to see a strong rally in the second most important pulse-Chana daal.



Chana crop starts hitting mandis from March and continue till April. In addition to self produced crop, India needs to import a large chunk of its need from countries like Canada, Australia, Iran, Myanmar & Tanzania. Since the situation of crop in these countries was not so good, our imports are definitely going to suffer. Thus, at fundamental level, we may see a deficit despite a sufficient local crop. On technical chart, prices have shown a range bound movement in last six to seven weeks after a strong rise in mid Sep-mid Oct period. Prices are actually shaping up into a symmetrical triangle which is nearing a bullish breakout. The expected breakout may result in another round of huge rally which is likely to continue at least till new crop pressure builds up. Another reason for our bullish view is the uneven spread seen in futures contracts which is likely to support bullish positions in near contract and the gap is expected to widen.

We recommend buy Chana NCDEX January contract at CMP Rs 4840 and on dips to Rs 4770 for targets in the range of Rs 5050-5200. Maintain stop below Rs 4700.

Currency Pick

USD-INR BUY

CMP: Rs 66.97 (As on 30th Nov 2015)

Buy on decline: Rs 66.80 - 66.70

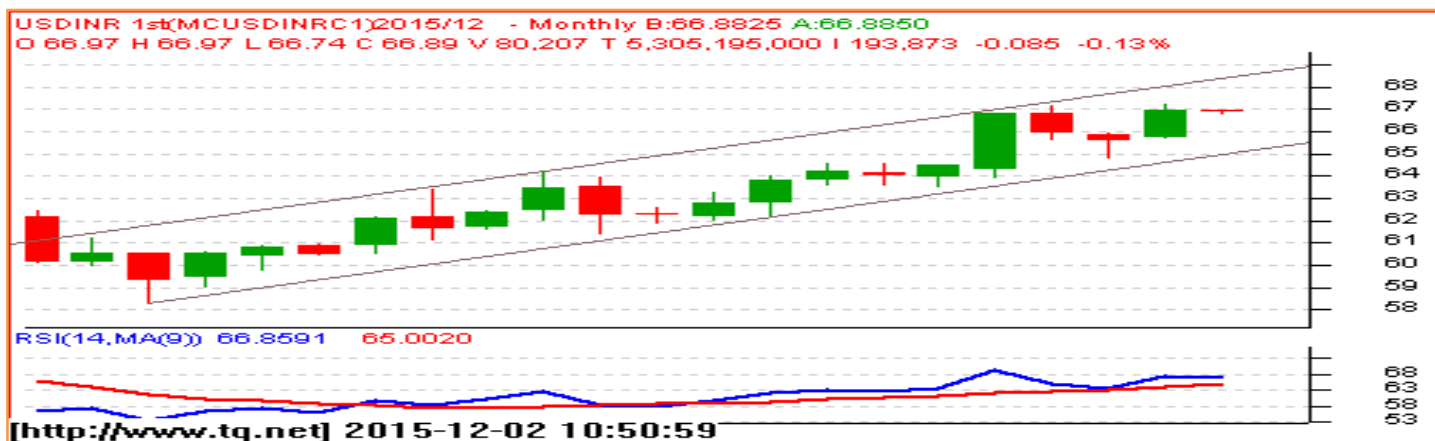
Target Price: Rs 67.65 - 68.20

Stop loss: < Rs 66.15

Fundamental analysis:

In the last month, Bihar state elections mandate dented the sentiments of investors by large as Bihar is one of among the largest state in India. Despite the internal conditions, RBI has maintained its stance on its policy decision keeping international economic conditions into consideration. The timing of the US Federal Reserve's first interest rate hike and subsequent adjustments to emerging market exposure by global investors are putting pressure on the Indian rupee (INR) vis-à-vis the US dollar (USD). Nevertheless, the currency has outperformed many of its peers over the past couple of months on the back of India's lesser exposure to China.

Technical analysis:



On the monthly chart of USD-INR, a smooth and controlled upside rally can be clearly witnessed as prices are sustaining inside the trend channel shown in the chart above. Also, a positive candle is formed out of last month's trading which indicates that the prices may go up for the coming month. Furthermore, the momentum indicator RSI is trading a 0.65 showing an upside potential for the currency pair. The only reason of concern remains the short and medium term exponential moving averages that are on expansion mode alerting us to be cautious at this stage.

We recommend buying in USD-INR December contract at Rs 66.80 - 66.70 for the target of Rs 67.65 - 68.20 with strict stop loss below Rs 66.15.

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