

Technical Observation

Soybean: Strong momentum expected



Prices rose more than 12 per cent in the month of December and settled at 2514 v/s previous months' close of 2243.50.

In the monthly charts, a long white candle stick is witnessed indicating bullish mode for the coming month also. Prices are sustaining above the short and medium term moving averages signifying strong bullish trend. A bullish breakout (of the long term trend line drawn by joining 3 well defined point 2819-2552-2484.50) with higher volumes is observed pointing northward direction for soybean prices. A bullish consolidation broadening wedge is also spotted in the chart suggesting continuance of bullish mode for the coming month after a small correction. Support for the coming month is seen at 2,420 (support of the trend line mentioned above) and further at 2,200 levels (previous swing). Resistance is seen at 2,800 (all time high and previous swing) and further at 2,920 levels. The momentum indicators RSI (14) is trading at 0.58 ascending from the low of 0.44 and also a bullish cross over is witnessed between RSI(14) and its Moving Average (9) which is signaling higher side potential for soybean prices.

We recommend a BUY and ACCUMULATE on Soybean in range of Rs 2,500-2,380 with a stop loss RS 2180 for target price of Rs 2,780-2,880.

Resistances/Supports	
R1	2965
R2	2920
R3	2800
S1	2420
S2	2280
S3	2160

Moving Averages	
21-EMA	2300
34-EMA	2240
50-EMA	2166

Trends	
Short-term	Up
Medium-term	Up



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ARIHANT capital markets Ltd.

3rd Floor Krishna Bhavan, 67 Nehru Road, Vile Parle (E) Mumbai – 400057 Tel. 022-42254800 Fax. 022-42254880

Visit us at: www.arihantcapital.com.