



Saturday, November 2, 2013

*...Happiness comes in all sizes*

**F**estivals bring us close...they bring us together. At **Arihant**, we are nurturing this cultural value of integrity which also happens to be the core principle of our great nation. Celebrations are in the air & enthusiasm is on top amid the biggest festival that not just teaches us to worship prosperity but also gives us the reason to share our happiness and a confidence to start afresh. So, let us explore opportunities and win with integrity for one common aim-**happiness**...no matter how big or small it is. Happy Diwali & a Prosperous New Year...have a fulfilled life...

## COMMODITIES 2013-The Year Ahead....

### BULLION:

The relief rally in bullion was fuelled-up by US Fed's decision in September to continue bond purchasing program. However, the important comment it made was that the decision of tapering bond purchasing in future will purely be on the basis of economic data and thus it will not be a time-bound compulsion. But in the recent Fed meeting that concluded on Wednesday, the US Fed accepted that the recent recovery in growth can be much effective in future if a gradual withdrawal is allowed. The percussion of this comment can be felt in the latest crash in Gold & Silver prices. Technically, bullions are in a long term bearish trend. We identified this negative trend well in advance in January this year when we released our 2013 New Year special report. Gold was trading around \$1680 in January when we predicted a fall towards \$1100. Gold has a very strong resistance in \$1365-\$1385 range whereas resistance in Silver is seen in \$23.50-\$25 range and for any bullish reversal; both Gold & Silver will have to decisively close above these levels. Bullions are much vulnerable to a support breakdown now which stands at \$1300 in Gold while Silver has an important support at \$20.

**Trading Strategy:** Traders with long term view can sell Gold February 2014 contract at 29800-29900 range for targets around 27000-25800 levels. Aggressive traders can also go short below 29400. For Silver March contract long term traders can sell on rise to 52500-53000 for targets around 47000 & 44000.

### SOY-COMPLEX:

Festivals tend to bring in demand for edible oil and oil seeds. Soy-complex prices reached their highest in more than five months, bolstered by gains in overseas edible oil prices and good demand due to festive season. Soy oil prices even jumped to its highest in more than 13 months. Technically, soy oil prices gave a strong breakout of consolidation pattern and now it is all set to touch new highs of Rs. 810-850. Similarly, Soybean too is looking extremely bullish and should be given top priority if you are a medium to long term investor.

**Trading Strategy:** Traders with long term view can buy Soy oil January 2014 contract at Rs. 720-730 range for targets around Rs. 810-850 levels. The best strategy in soybean would be to go long on dips towards Rs.3600/3650 for the target of Rs. 4100.



## **INDUSTRIAL METALS:**

As per our views given in new year 2013 special commodity report, base metals broadly had a superb 2013, specially Copper achieved our target range of 500 plus reaching an all time high level. The rally in Copper may take a halt from here and we may get to see a range bound to slightly positive movement for the rest of 2013 since Chinese demand is slowing down which is reflected in rising inventory pile-up at LME warehouses. A price movement between Rs.425-Rs.485 is expected for next couple of months. It seems that the worst is over in Nickel and a rally may begin once the crucial resistances are broken. The demand outlook for this silvery metal is positive for the coming year which may rise further if steel demand increases. As for Lead & Zinc, they have performed above excellence after a very long bearish phase and the uptrend is likely to continue with much funfair.

**Trading Strategy:** Nickel December contract can be bought at current level of 915 and also on dips to 895-885 for targets in the range of 995-1040. Wait for a correction in copper Feb contract towards 445-440 levels to go long while Lead & zinc December contract can be bought at current levels for targets 150-160 & 140-147 respectively.

## **SPICES:**

In this festival add fewer spices as they may be harmful for the health of your portfolios. In spite of this festive season high supplies and prospects of better cultivation on ample rains may weigh on sentiments. Other factors like higher carry forward stocks and subdued demand from exporters will also continue to put pressure on the prices. Technically, Jeera quarterly chart is looking in the worst condition. The trend is directionless and prices are hovering around the short and medium term moving averages. TMC prices are also looking downside as in the last quarter a long black candle stick is witnessed which is a clear indication of continuation on downward trend. Support level is at 4000/3700 while, resistance level is seen at 4820/5060. However, Chilli prices are sustaining above the short and medium term moving averages signaling strength in the trend. Aggressive traders with a mid to long term view can go for buy. Last but certainly not the least, Dhaniya is looking extremely bullish for the coming few months as a bullish cross over is witnessed between its short and medium term moving averages in the quarterly chart. Resistance level is seen at 7500/8000 while support is at 6500-6250.

**Trading Strategy:** Traders with long term view can buy in dhaniya January 2014 contract for targets around Rs. 7500/7850 levels. While, only aggressive traders can go long in Chilli at current levels (Rs. 6150-6200) for the targets of Rs. 6900.

**ENERGY:** The energy segment outperformed all others in terms of highly bullish trend. We had predicted a huge rally in Crude oil & Natural Gas at the beginning of this year. However, the rally in crude oil surpassed all our expectations while Natural Gas too followed the suit strongly. Meanwhile, in last 2-3 months, we have seen an equally strong correction in Crude oil prices and from a general view we can assume that it has reached back at its true value. From here, we may see a correction of 3-5% more which will attract buying in large quantities. For Natural gas, there is still a lot of action left as our upper targets for the year stands around Rs.350. A systematic shift in many countries towards Natural gas as a main fuel will reduce dependency on crude oil and in turn will make Gas a much favored fuel in time to come.

**Trading Strategy:** Traders with long term view can buy crude oil January 2014 contract on dips to 5850-5800 for targets around 6300-6500 levels. Aggressive traders can buy Natural gas January contract at current price of 230 for targets in the range of 257-272 by year end.



## **PULSES & GUAR-COMPLEX**

**Chana:** Pulses and others in commodities in the commodity market are likely to remain range bound except for Chana. Chana prices are expected to remain higher as currently prices are sustaining below the MSP of Rs. 3100. However, there are bearish cues from the local market where demand is weak despite the festive season. In the Chana chart, prices are taking the support of Rs.3000 is market sustains below prices are likely to touch Rs.2660. while the resistance is seen at Rs. 3320 and Rs.3530.

**Guar-Complex:** Indian guar seed futures rose on a pickup in local demand and buying by stockiest, though new season arrivals and expectations of higher production restricted the upside. Supplies from the new harvest have started coming into some local markets in small quantities and will increase in the coming weeks. Guar-seed production is expected to be higher due to an expanded area under cultivation and good rains. Technically, Guar-seed and Guar-Gum prices are expected to remain higher, if and only if they sustained trade above the resistance level of 5600 and 15000 respectively. In Guar-seed chart resistance level is seen at 6020-6450 while in Guargum prices are expected to test the resistance level of 17500-18200.

**Trading Strategy:** *Traders with long term view can buy in Chana January 2014 contract around current levels of 3050 – 3070 for targets around Rs. 3320/3500 levels. Investors and traders can go long in Guar seed above Rs.5600 for the target of Rs. 6020-6450 and in Guargum one can buy above Rs. 15000 for the targets of Rs. 17500-18200.*

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

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