

# CHANA



## News & Development

NCDEX Chana Future prices had traded sideways during the last month, closing at Rs.4493/quintal by 1st February. It is higher by 2.53% compared to Rs.4382/quintal reported on 31st December. Higher sowing reports by 4-5% and lower demand in the domestic markets brought selling pressure from the higher levels in NCDEX Chana futures. Moreover, NCDEX Chana prices also started to witness downtrend as weather conditions have been reported to be favourable for Chana sowing in India. However, extreme bearishness was not witnessed as there were reports of continued procurement of Chana by NAFED.

Fundamentally for the month ahead, NCDEX Chana futures is estimated to witness further downtrend due to expectancy of higher production forecasts by 9-10% compared to the previous year in the major states of Madhya Pradesh, Rajasthan & Uttar Pradesh as compared to the previous year. Moreover, the all India sowing reports have been reported at 112 lakh hectares, higher by 4.5% compared with the previous year. Harvesting in the above states is expected to begin from Mid-February onwards. Other states such as Maharashtra, Gujarat and Karnataka have begun harvesting in small lots which is also expected to bring bearish sentiment in spot and future prices. However, extreme bearishness could be capped as lower imports and declining carry forward stocks from last year (2019-20) is expected to limit major downside in the prices. Imports of Chana and Chickpeas (Chole), from Australia is expected to be lower this year (2020-21), as India is moving towards becoming more self-reliant and expected to improve domestic production in the years to come. Furthermore, NAFED has also recently decided to sell their old stocks to make space for new stocks and supplies of the year 2021. Overall, we expect bearish trend in NCDEX Chana Futures for the month ahead.



On the daily timeframe, NCDEX Chana (Apr) has sustained below its **50 & 200 Days "Simple Moving Average"** which confirms bearish presence in the counter. Also, momentum indicator **RSI (14)** has sustained below its 50 level, which signals bearishness in the counter. But, the counter's Bollinger Bands have contracted which confirms choppiness. Furthermore, price is trading in a rectangle formation which suggests that NCDEX Chana (Apr) is consolidating. **So, based on the mixed technical structure, we can expect a sideways to bearish movement in NCDEX Chana (Apr) futures for the month ahead. On the higher end, the price may find the resistance around 4700 levels, while on the lower end; it may test the support at 4350 levels.**