

April 28th, 2007

GUAR DAILY

SPOT MARKETS:

Guar spot market continued its weakness during the Friday's trade. The prices of both guar seed and guar gum eased further at majority of markets amidst weak demand from exporters and millers. Consequently stockists activity remains silent in the market. Continuing weakness in Dollar hurting export from India, as exporters are unwilling to take any fresh orders. Thus, no major uptrend is expected in the short-term and prices are likely to remain on the lower side. On other conflicting forecast of monsoon further imparted bearishness in the market, as overseas agencies predicted normal to better rains for the upcoming monsoon. However, IMD predicted 95% normal monsoon with chances of 5% deficiency, which likely to impart bullishness in the market. However, the price movement would depend on the 2nd forecast by IMD, which expected after mid-May. Total arrival at the majority of markets reportedly stood in the range of around 4000-5000 bags. No arrivals reported in Bikaner and Jodhpur.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed weak sentiment with bearish undertone. June contract opened slightly weak at Rs 1914/mt, down Rs 1 against the previous close of Rs 1915/mt and traded upward initially testing a high of Rs 1927/mt. However, futures tumbled thereafter on increased selling pressure and finally settled red. June contract traded in the range of Rs 1857-1927/mt and the May contract traded in the range of Rs. 1811-1878/mt. Guar gum May contract moved in the range of Rs. 4459-4577/mt and the June Contract traded in the range of Rs. 4531-4690/mt.

MCX Guar seed futures observed weak sentiment with bearish undertone. June contract opened firm at Rs 1920.00 against the previous close of Rs 1917.00 and traded upward initially testing a high of RS 1938.00. However, futures traded downward thereafter on increased selling pressure and finally settled in the negative side. June contract traded in the range of Rs 1857.00-1938.00/mt while May contract fluctuated in the range of Rs 1820.00-1879.00/mt. Volume increased significantly while open interest declined significantly.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Strengthening in Rupees Vs Dollar
3. Lower demand from exporters & millers

Bullish:

4. Expectation of higher export order in near future
5. IMD predicted 5% below average monsoon
6. Increasing overseas demand
7. Lower stock & higher prices in Pakistan
8. Lower arrivals in the market

WEATHER IMPACT:

Conflicting weather reports from IMD and foreign sources. IMD sees 5% lower rains, while others see normal or excess rains.

TECHNICALS:

Candlestick chart pattern exhibits bearish sentiment and weakness in prices. Stochastic is moving slightly upward while RSI is moving downward in oversold region. MACD is moving downward in negative region, which shows increase in bearish momentum. Closing price is below the short term EMA that indicates short-term weakness. The market is expected to trade downwards following steady to slightly firm opening with possibility of slight late upward movement.

OUTLOOK:

Guar seed futures are expected to trade downwards following a steady to slightly firm opening

NCDEX Guar Seed June Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed June.	1850	1857	1894	1947	1955
NCDEX Guar Gum June.	4545	4559	4620	4665	4689
MCX Guar Seed June.	1850	1857	1894	1931	1940

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- June Guar Seed below 1918 with target of 1888 then 1873 Stop loss near 1933.

SELL NCDEX- June Guar Gum below 4644 with target of 4599 then 4579 Stop loss near 4667.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- June Guar Seed below 1918 with target of 1888 then 1873 Stop loss near 1933.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.04.07	26.04.07	Change
Guar Seed	Bikaner	1745	1760	-15
	Jodhpur	1860	1870	-10
	Nokha	1730	1760	-30
Guar Gum	Sriganganagar			
	Jodhpur	4625	4670	-50

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