

## GUAR DAILY

April 19th, 2007

### SPOT MARKETS:

The prices of both guar seed and guar gum remained firm at the major trading centers amidst improved demand from exporters and millers. Consequently stockists were seen releasing stocks at higher prices. However, strengthening in Rupees Vs Dollar affected the market sentiment slightly as it makes export expensive from India. Overall fundamental remains bullish in the market. On other hand stocks in the market are ample but most are with stockists who are refusing to offload in anticipation of higher prices, which impart bullishness in the market. Thus, prices are expected to remain firm in coming days. Moreover, price movement in spot and futures also depend on the forecast of the metrological department's first monsoon forecast, which is expected after April 20. Total arrival at the majority of markets reportedly stood steady at 4000-5000 bags. In Nokha arrival stood at 300-350 bags, while no arrivals reported in Bikaner.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed lacklustre trade with bearish undertone. The most active May contract opened weak at Rs 2089/qlt, down Rs 3 against the previous close of Rs 2092/qlt and traded downwards thereafter on increased selling pressure testing a low of Rs 2066/qlt. However, futures recovered thereafter on increased buying interest at lower level but finally settled in the negative side. May contract moved in the range of Rs. 2066-2097/qlt, while the April contract moved in the range of Rs. 2000-2021/qlt. Guar gum April contract moved in the range of Rs. 4872-4970/qlt and the May Contract traded in the range of Rs. 5040-5104/qlt.

MCX Guar seed futures observed lacklustre trade with bullish tone. The active May contract opened weak at Rs 2085.00, down Rs 4 against the previous close of Rs 2089.00 and traded downwards testing a low of Rs 2067.00. However, futures recovered thereafter on increased buying interest and settle in the positive side. May contract moved in the range of Rs 2067.00-2092.50. Volume declined significantly while open interest increased marginally.

### PRICE DRIVERS:

#### Bearish:

1. Higher production this year as compared to last year
2. Exclusion of VAT on guar in Rajasthan

#### Bullish:

3. Expectation of higher export order in near future
4. Increasing overseas demand
5. Lower stock position in Pakistan
6. Higher price in Pakistan
7. Lower arrivals in the market

### WEATHER IMPACT:

Guar harvesting is almost completed in major guar producing belts, and therefore, weather is not a concern at the moment.

### TECHNICALS:

Candlestick chart pattern exhibits bearish sentiment. Prices bounced back from the support level, which reflects in the long lower shadow. Stochastic and MACD is moving downward. Closing price is below the 9 days EMA while above the 18 days EMA, where it might get support. The market is expected to trade upwards following steady to slightly firm opening with possibility slight late downward movement.

### OUTLOOK:

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

#### NCDEX Guar Seed May Contract:



### SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed May.	2066	2075	2083	2124	2131
NCDEX Guar Gum May.	5042	5072	5083	5152	5169
MCX Guar Seed May.	2066	2075	2082	2117	2124

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**BUY** NCDEX- May Guar Seed above 2088 with target of 2103 then 2113 Stop loss near 2080.

**BUY** NCDEX- May Guar Gum above 5093 with target of 5118 then 5133 Stop loss near 5080.

**Do not carry forward the position until the next day.**

### INTRADAY TRADE RECOMMENDATION (MCX):

**BUY** MCX- May Guar Seed above 2085 with target of 2100 then 2110 Stop loss near 2077.

**Do not carry forward the position until the next day.**

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	18.04.07	17.04.07	Change
Guar Seed	Bikaner	1910	1890	+20
	Jodhpur	2035	2020	+15
	Nokha	1865	1855	+10
Guar Gum	Sriganganagar			
	Jodhpur	5025	5000	+25

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