

## GUAR DAILY

April 25th, 2007

### SPOT MARKETS:

The prices of both guar seed and guar gum declined sharply at the majority of markets amidst weak demand from millers and exporter coupled with rumors in the market that the monsoon rains remains normal this year. However, IMD predicted monsoon rains below 5%, which likely to impart bullishness in the market. Moreover, export activities has slowed down these days due to strengthening rupee, which makes export prices even more expensive in dollar terms. Stockists activity remains silent in the market. Some reports of ample stock in the market but mostly with stockists who are refusing to offload in anticipation of higher prices. Total arrival at the majority of markets reportedly stood steady at 4000-5000 bags. No arrivals reported in Bikaner, while in Nokha arrivals stood at 300-400 bags.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active June contract opened weak at Rs 2040/qrtl, down Rs 17 against the previous close of Rs 2057/qrtl and traded upwards initially testing a high of Rs 2052/qrtl. However, futures tumbled thereafter on increased selling pressure and made the contract low at Rs 1934/qrtl and settled in the negative side. June contract moved in the range of Rs. 1934-2052/qrtl, while the May contract moved in the range of Rs. 1883-1999/qrtl. Guar gum May contract moved in the range of Rs. 4535-4785/qrtl and the June Contract traded in the range of Rs. 4639-4915/qrtl.

MCX Guar seed futures observed weak sentiment with bearish undertone. June contract opened weak at Rs 2050.00 against the previous close of Rs 2059.00 and traded downwards thereafter on increased selling pressure testing a low of Rs 1935.00 and finally settled in the negative side. June contract moved in the range of Rs 1935.00-2050.00, while the May contract fluctuated in the range of Rs 1886.00-2000.00. Volume declined significantly while open interest increased marginally.

### PRICE DRIVERS:

#### Bearish:

1. Higher production this year as compared to last year
2. Strengthening in Rupees Vs Dollar

#### Bullish:

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

### WEATHER IMPACT:

Monsoon is expected at 95% of LPA during 2007, which seems near normal for Guar Seed production, provided it remains evenly distributed spatially, besides being timely.

### TECHNICALS:

Candlestick chart pattern exhibits bearish sentiment and weakness in prices. Stochastic is moving downward in oversold region and MACD is moving downward in negative region, which shows increase in bearish momentum. Closing price is far below the short term EMA. 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.	1867	1877	1935	1964	1981
NCDEX Guar Gum June.	4560	4575	4638	4713	4748
MCX Guar Seed June.	1887	1882	1935	1955	1970

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**SELL** NCDEX- June Guar Seed above 1944 with target of 1914 then 1892 Stop loss near 1959.

**SELL** NCDEX- June Guar Gum above 4675 with target of 4625 then 4595 Stop loss near 4700.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

**SELL** MCX- June Guar Seed above 1942 with target of 1912 then 1897 Stop loss near 1957.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	24.04.07	23.04.07	Change
Guar Seed	Bikaner	1800	1860	-60
	Jodhpur	1890	1990	-100
	Nokha	1800	1845	-45
Guar Gum	Sriganganagar			
	Jodhpur	4750	4870	-120

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