

## GUAR DAILY

April 17th, 2007

### SPOT MARKETS:

Guar spot market witnessed weak sentiment during the Monday's trade. Prices of both guar seed and guar gum eased at the majority of markets on weak demand from processors. Moreover, weakness also came in the back of rumors in the market that the guar quality is not good at NCDEX for delivery. However, some demand from exporter reported at Nokha. Stockists activity remained silent in the market and they are holding back their stocks in anticipation of higher prices. Rest of the fundamental remains bullish in the market. Thus, firmness is expected in prices. Also the price movement will depend on the Metrological Department's 1<sup>st</sup> monsoon forecast, which is expected after mid-April. On other hand arrival reportedly stood steady at around 4000-5000 bas. In Nokha arrivals stood at around 400 bags, while no arrivals reported in Bikaner mandi.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active May contract opened weak at Rs 2137/qrtl, down Rs 9 against the previous close of Rs 2146/qrtl and traded upwards initially testing a high of Rs 2155/qrtl. However, futures traded downward on increased selling pressure and settled in the negative side. May contract moved in the range of Rs. 2078-2155/qrtl, while the April contract moved in the range of Rs. 2018-2085/qrtl. Guar gum April contract moved in the range of Rs. 4875-5095/qrtl and the May Contract traded in the range of Rs. 5050-5243/qrtl. Volume and open interest declined significantly.

MCX Guar seed futures observed firm sentiment with bullish tone. The active May contract opened weak at Rs 2080, down Rs 22 against the previous close of Rs 2102 and traded downwards initially testing a low of Rs 2078. However, increased buying interest at lower level supported the futures to trade upward and settle in the positive side. May contract moved in the range of Rs 2078-2124. 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. Long lower shadow of the candlestick shows prices bounced back from the support level and recovery in prices. Stochastic is moving slightly downward, while MACD is rising in neutral region. Closing price is above the 9 days and 18 days EMA, which indicated short-term firmness in prices. The market is expected to trade upwards following steady to slightly weak opening with possibility slight late downward movement.

### OUTLOOK:

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

### NCDEX Guar Seed May Contract:



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

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed May.	2065	2078	2097	2136	2148
NCDEX Guar Gum May.	5035	5055	5095	5160	5180
MCX Guar Seed May.	2062	2070	2086	2117	2121

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**BUY** NCDEX- May Guar Seed above 2090 with target of 2112 then 2125 Stop loss near 2079.

**BUY** NCDEX- May Guar Gum above 5081 with target of 5116 then 5143 Stop loss near 5064.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

**BUY** MCX- May Guar Seed above 2080 with target of 2100 then 2110 Stop loss near 2070.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	16.04.07	14.04.07	Change
Guar Seed	Bikaner	1910	1950	-40
	Jodhpur	2030	2065	-35
	Nokha	1870	1890	-20
Guar Gum	Sriganganagar			
	Jodhpur	5025	5125	-100

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