

GUAR DAILY

May 4th, 2007

SPOT MARKETS:

The prices of both guar seed and guar gum quoted higher on some demand from processors, while prices eased at the major markets of Bikaner and Nokha on sluggish demand from millers. Exporters and stockists mostly remained subdued or absent in the market. Further, recent rainfall over Haryana and Punjab region is favorable for the showing of new guar seed crop, which is likely to start soon. Consequently, production of guar seed is also expected to increase this year, which likely to impart bearishness in medium to long run. On other hand, this rain is also favorable for the cotton crop, so there may be possibility that some farmers may also shift to cotton cultivation, which may adversely affect the acreage, as it is a highly remunerative crop, which may impart some bullishness in medium run. Total arrivals in the market reportedly stood at 4000-4500 bags with no arrivals reported in Bikaner and Nokha. Moreover, NCDEX announced a special margin of 10% would be charged on all guar seed and guar gum contracts that would be launched from May and thereafter.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bearish undertone. June contract opened slightly firm at Rs 1837/qrtl, up Rs 1 against the previous close of Rs 1836/qrtl and traded upward initially testing a high of Rs 1865/qrtl. However, futures traded downward thereafter on increased selling pressure and settled in the negative side. June contract traded in the range of Rs 1818-1865/qrtl and the May contract traded in the range of Rs. 1778-1820/qrtl. Guar gum May contract moved in the range of Rs. 4410-4532/qrtl and the June Contract traded in the range of Rs.4480-4624/qrtl. Volume declined significantly while open interest declined marginally.

MCX Guar seed futures observed narrow range bound trade with bearish undertone. June contract opened firm at Rs 1839.00 against the previous close of Rs 1834.50 and traded upward initially testing a high of Rs 1856.00. However, futures traded downward thereafter on increased selling pressure and settled in the negative side. June contract traded in the range of Rs 1818.00-1856.00/qrtl and May contract fluctuated in the range of Rs 1758.00-1810.00/qrtl. 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
3. Lower demand from exporters

Bullish:

4. Expectation of higher export order in near future
5. Good overseas demand
6. IMD predicted 5% below average monsoon
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 exhibit bearish sentiment and weakness in prices. Long upper shadow reflects increased selling pressure. Stochastic and RSI are deep in over sold, which shows weakness. MACD and EMA indicate short-term and medium-term weakness. Downward movement is expected in the market following steady to slightly firm opening.

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.	1773	1783	1825	1852	1865
NCDEX Guar Gum June.	4451	4470	4530	4565	4587
MCX Guar Seed June.	1780	1790	1823	1839	1850

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- June Guar Seed below 1833 with target of 1808 then 1798 Stop loss near 1846.

SELL NCDEX- June Guar Gum below 4544 with target of 4509 then 4489 Stop loss near 4562.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- June Guar Seed above 1830 with target of 1810 then 1800 Stop loss near 1840.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	03.05.07	02.05.07	Change
Guar Seed	Bikaner	1730	1740	-10
	Jodhpur	1900	1880	+20
	Nokha	1690	1700	-10
Guar Gum	Sriganganagar			
	Jodhpur	4700	4650	+50

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