

GUAR DAILY

18th May 2007

SPOT MARKETS:

The prices of both guar seed and guar gum declined at the major markets of Jodhpur and Nokha on weak physical demand against ample supply situation, while it stood steady at Bikaner market on subdued trading activity. Millers and exporters activity remained subdued or absent in the market. However, some reports of desperate selling by stockists reportedly in the market to offload their stock with a view to build up new stock in coming season on the back of fears of early and normal monsoon, as it favors guar cultivation, yield and acreage. Rainfall over Haryana region on 16th May also imparted bearish tone in the market. According to IMD, a fresh western disturbance is likely to affect NW India from 19th onwards, which likely to further depress prices.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed weak sentiment with bearish undertone. June contract opened weak at Rs 1756/qrt; down Rs 5 the previous close of Rs 1761/qrt and traded up initially testing a high of Rs 1763/qrt. However, prices skid thereafter on selling pressure and settled in the negative side. June contract traded in the range of Rs 1733-1765/qrt and the May contract traded in the range of Rs. 1697-1725/qrt. Guar gum May contract hovered in the range of Rs.4292-4361/qrt and the June contract hovered in the range of Rs.4371-4423/qrt. Both the volume and open interest declined significantly.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. June contract opened weak at Rs 1739.5 against the previous close of Rs 1741.5 and traded up initially testing a high of Rs 1742.0. However, prices traded down thereafter on selling pressure and settled in the negative side. June contract traded in the range of Rs 1714.00-1742.00/qrt and May contract fluctuated in the range of Rs 1680.0-1700.0/qrt.

PRICE DRIVERS:

Bearish:

1. Recent rainfall over north western part favorable for guar
2. Lower demand from exporters and millers
3. Expectation of early & normal monsoon

Bullish:

4. Expectation of higher export order in near future
5. Lower stock & higher prices in Pakistan

WEATHER IMPACT:

Conflicting weather reports from IMD and foreign sources. IMD sees 5% lower rains, while others see normal or excess rains. However, recent rainfall over North West part of India favors early sowing of guar.

TECHNICALS:

Candlestick chart pattern exhibits indecision at lower level. Stochastic and RSI is moving down in neutral region, which shows increase in bearishness. MACD and EMA hints for further bearish trend. Market is expected to trade down 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.	1697	1705	1748	1771	1781
NCDEX Guar Gum June.	4300	4310	4389	4439	4467
MCX Guar Seed June.	1697	1700	1731	1761	1772

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- June Guar Seed below 1759 with target of 1734 then 1715 Stop loss near 1772.

SELL NCDEX- June Guar Gum below 4400 with target of 4356 then 4333 Stop loss near 4422.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- June Guar Seed below 1743 with target of 1722 then 1709 Stop loss near 1754.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	17.05.07	16.05.07	Change
Guar Seed	Bikaner	1750	1750	-
	Jodhpur	1820	1860	-40
	Nokha	1640	1660	-20
Guar Gum	Sriganganagar			-
	Jodhpur	4450	4550	-100

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