

May 11th, 2007

GUAR DAILY

SPOT MARKETS:

Amidst mild demand from millers and exporter against the restricted supply the prices of both guar seed and guar gum quoted slightly higher at most of the major markets. Further, rumors of low monsoon rainfall also added firmness in the market. Consequently some demand from millers and exporters witnessed in the market to buy guar seed and guar gum at lower prices. However, IMD predicted 95% rains for upcoming monsoon, which is higher than the last years 93%. Also the conditions are favourable for onset of southwest monsoon over the parts of southeast Bay of Bengal and south Andaman Sea. It also announced the progress of monsoon over parts of Kerala by next 48 hours. Thus expectation of early monsoon would likely to add bearish tone in the market, as it is favourable for the early sowing, yield and productivity of guar. Moreover, cloudy conditions prevailing over the Nokha region, which likely to add further bearishness in the market. Total arrivals stood steady at 4000-4500 bags with no arrivals reported at Nokha and Bikaner.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed firm sentiment with bullish tone. June contract opened weak at Rs 1778/mt; down Rs 4 the previous close of Rs 1782/mt and traded down initially testing a low of Rs 1769/mt. However, Prices recovered thereafter on buying interest and settled in the positive side. June contract traded in the range of Rs 1769-1815/mt and the May contract traded in the range of Rs. 1730-1765/mt. Guar gum May contract moved in the range of Rs. 4335-4448/mt and the June Contract traded in the range of Rs.4421-4535/mt. Volume declined significantly while open interest declined marginally.

MCX Guar seed futures observed firm sentiment with bullish tone. June contract opened weak at Rs 1752.00 against the previous close of Rs 1757.50 and traded down initially testing a low of Rs 1749.00. However, futures recovered thereafter on buying interest and settle at positive side. June contract traded in the range of Rs 1749.00-1790.00/mt and May contract fluctuated in the range of Rs 1719.00-1740.00/mt.

PRICE DRIVERS:

Bearish:

1. Recent rainfall over north western part favorable for guar
2. Strengthening in Rupee affects export activity
3. Lower demand from exporters and millers
4. Expectation of early monsoon

Bullish:

5. Expectation of higher export order in near future
6. Good overseas demand
7. 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 exhibit bullish sentiment and firmness in market. Stochastic has made a bullish crossover and RSI is moving up in over sold region, which shows recovery. MACD is moving up in negative region. Closing price is below the short-term EMAs. Market is expected to trade up following steady to slightly firm opening with possibility of late downward 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.	1791	1807	1800	1870	1883
NCDEX Guar Gum June.	4493	4511	4500	4599	4615
MCX Guar Seed June.	1759	1770	1774	1821	1829

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- June Guar Seed above 1819 with target of 1845 then 1857 Stop loss near 1806.

BUY NCDEX- June Guar Gum above 4531 with target of 4561 then 4581 Stop loss near 4515.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- June Guar Seed above 1780 with target of 1800 then 1810 Stop loss near 1770.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	10.05.07	09.05.07	Change
Guar Seed	Bikaner	1750-60	1730	+30
	Jodhpur	1870	1850	+20
	Nokha	1660-70	1655	+15
Guar Gum	Sriganganagar			
	Jodhpur	4550	4525	+25

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