

## GUAR DAILY

23rd May 2007

### SPOT MARKETS:

Amidst lack of buying support and ample stock situation in the market the prices of both guar seed and guar gum tumbled at the major markets after recent gains on May 21. The recent gains can be attributed to the speculation over delay in arrival of monsoon. Millers, exporters and stockists activity remains subdued in the market during the Tuesday's trade. Further, the delivery of guar seed and guar gum are suspended with immediate effect in NCDEX warehouse of Total Logistics (India) Pvt. Ltd. at Jodhpur due to accidental fire. And no deliveries would be made from this warehouse before re-assaying of the goods. The total stocks position of guar seed and guar gum in NCDEX warehouse at Jodhpur as on May 21st stood at 15594 MT and 5546 MT respectively. Sources reported that the said warehouse is newly constructed and having not much stock with it, therefore, it hardly effects the price movement in spot and futures market. Total arrivals at the majority of markets reported at 4500-5000 bags with no arrivals reported in Nokha and Bikaner.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bearish undertone. July contract opened weak at Rs 1819, down Rs 5 against the previous close of Rs 1824 and traded up in the early hours to test a high of Rs 1829. However, prices tumbled thereafter on increased selling pressure and settled in the negative side. July contract traded in the range of Rs 1757-1829/qrt and June contract traded in the range of Rs 1722-1787/qrt. In July contract volume declined while open interest increased. Guar gum June contract hovered in the range of Rs.4340-4490/qrt and July contract traded in the range of Rs 4425-4585.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. The most active July contract opened firm at Rs 1814.0 against the previous close of Rs 1804.5. However, prices tumbled thereafter on increased selling pressure testing a low of Rs 1740.0 and settled in the negative side. July contract traded in the range of Rs 1740.00-1814.00/qrt and June contract traded in the range of Rs 1700.00-1758.00/qrt.

### PRICE DRIVERS:

#### Bearish:

1. Recent rains over NW part favorable for guar
2. Weak demand from exporters and millers
3. Expectation of early & normal monsoon
4. Appreciation of rupee against dollar
5. Ample stock position in the market

#### Bullish:

6. Expectation of higher export order in near future
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 shows increased selling pressure. Stochastic is moving up following a bullish cross over in neutral region while RSI is moving down in the neutral region. MACD and EMA indicates 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 July Contract:



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

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed July.	1700	1710	1760	1799	1818
NCDEX Guar Gum July.	4370	4380	4444	4477	4488
MCX Guar Seed July.	1700	1710	1742.5	1765	1777

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**SELL** NCDEX- July Guar Seed below 1773 with target of 1738 then 1723 Stop loss near 1791.

**SELL** NCDEX- July Guar Gum below 4459 with target of 4419 then 4399 Stop loss near 4479.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

**SELL** MCX- July Guar Seed below 1750 with target of 1725 then 1715 Stop loss near 1763.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	22.05.07	21.05.07	Change
Guar Seed	Bikaner	1740	1760	-20
	Jodhpur	1840	1900	-60
	Nokha	1650	1710	-60
Guar Gum	Sriganganagar			
	Jodhpur	4450	4575	-125

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