

## GUAR DAILY

25th May 2007

### SPOT MARKETS:

The prices of both guar seed and guar gum recovered marginally at most of the major markets on the back of news of delay in monsoon. The IMD (India Meteorological Department) on May 23 has announced that the rains are unlikely to hit Kerala in 3-4 days, against earlier forecast that SW monsoon will hit the state on May 24, which indicates a possible delay in the sowing process in Rajasthan. Thus, market is likely to move on news of monsoon progress till early June. Moreover, some demand for churi and korma also supported the market sentiments, as the stock position of churi and korma is very low/nil in the market. Consequently, some demand from millers witnessed during the Thursday's trade. Exporters and Stockists activity remained subdued or absent in the market. Overall arrivals at the majority of markets stood steady at 4000-4500 bags with no arrivals reported in Nokha and Bikaner.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bullish tone. July contract opened flat at its previous close of Rs 1786 and traded down in early hours to test a low of Rs 1775. However, prices recovered thereafter on some buying interest and managed to settle in the positive side. July contract traded in the range of Rs 1775-1805/mt and June contract traded in the range of Rs 1741-1766/mt. In July contract volume and open interest both declined. Guar gum June contract hovered in the range of Rs.4385-4435/mt and July contract traded in the range of Rs 4474-4540/mt.

MCX Guar seed futures witnessed narrow range bound trade with slightly bullish tone. The most active July contract opened slightly weak at Rs 1765.0 against the previous close of Rs 1766.5 and traded down initially testing a low of Rs 1758.0. However, prices recovered thereafter on some buying interest and managed to settle in the positive side. July contract traded in the range of Rs 1758.00-1785.00/mt and June contract traded in the range of Rs 1716.00-1736.00/mt.

### PRICE DRIVERS:

1. Recent rains over NW part favorable for guar
2. Weak demand from exporters
3. Subdued demand from millers
4. Expectation of early & normal monsoon
5. Appreciation of rupee against dollar
6. Ample stock position in the market
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 indecisive market. Stochastic and RSI is moving slightly down in neutral region. MACD is moving up in negative region. Prices closed below the short term EMAs that indicates strong bearish trend. Market is expected to trade down following steady to slightly firm opening with possibility of late upward movement.

### 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.	1746	1758	1789	1815	1827
NCDEX Guar Gum July.	4419	4429	4491	4535	4560
MCX Guar Seed July.	1725	1735	1770	1797	1811

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**SELL** NCDEX- July Guar Seed below 1800 with target of 1780 then 1770 Stop loss near 1810.

**SELL** NCDEX- July Guar Gum above 4510 with target of 4475 then 4455 Stop loss near 4528.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

**SELL** MCX- July Guar Seed above 1780 with target of 1760 then 1750 Stop loss near 1790.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	24.05.07	23.05.07	Change
Guar Seed	Bikaner	1735	1725	+10
	Jodhpur	1820	1800	+20
	Nokha	1650	1640	+10
Guar Gum	Sriganganagar			
	Jodhpur	4450	4400	+50

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