

## GUAR DAILY

28th May 2007

### SPOT MARKETS:

Guar seed prices improved marginally at the majority of markets on mild demand from millers, while guar gum prices remained unmoved at Jodhpur market on subdued trade. Demand for churi and korma supported the market sentiment. Consequently, some demand from millers also witnessed during the Saturday's trade. Other fundamentals remained weak in the market. Further, sources reported that the traders are monitoring the monsoon progress very closely as the price movement in both spot and futures market depends on monsoon progress. IMD recently announced that monsoon arrival in Kerala is expected to be 3-4 days later than predicted earlier. Prices are likely to remain range bound in coming days. Total arrivals reportedly stood at around 4000-4500 bags, mainly from stockists with no arrivals reported in Bikaner and Nokha.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bullish tone. July contract opened slightly weak at Rs 1769, down Rs 1 against the previous close of Rs 1771 and traded down initially testing a low of Rs 1766. However, prices recovered marginally thereafter on some buying interest and managed to settle in the positive side. July contract traded in the range of Rs 1766-1790/qtl and June contract traded in the range of Rs 1731-1753/qtl. In July contract volume declined significantly while open interest declined marginally. Guar gum June contract hovered in the range of Rs.4370-4422/qtl and July contract traded in the range of Rs 4460-4514/qtl.

MCX Guar seed futures witnessed narrow range bound trade with bullish tone. The most active July contract opened firm at Rs 1755.0 against the previous close of Rs 1753.0 and traded down initially testing a low of Rs 1751.0. However, prices recovered marginally thereafter on some buying interest and managed to settle in the positive side. July contract traded in the range of Rs 1751.00-1771.00/qtl and June contract traded in the range of Rs 1710.00-1729.00/qtl.

### PRICE DRIVERS:

1. Recent rains over NW part favorable for guar
2. Weak demand from exporters
3. Subdued demand from millers
4. Expectation of 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 firmness in market. Closing price is below the short term EMAs whereas MACD is moving up in negative region which shows decreased in bearish momentum. Stochastic and RSI is moving up in neutral region. Market is expected to trade up initially following steady to slightly firm opening with possibility of late downward movement.

### OUTLOOK:

Guar seed futures are expected to trade upwards initially 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.	1774	1779	1785	1831	1838
NCDEX Guar Gum July.	4485	4497	4506	4568	4579
MCX Guar Seed July.	1745	1754	1767	1811	1830

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**BUY** NCDEX- July Guar Seed above 1787 with target of 1812 then 1824 Stop loss near 1774.

**BUY** NCDEX- July Guar Gum above 4511 with target of 4541 then 4556 Stop loss near 4496.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

**BUY** MCX- July Guar Seed above 1770 with target of 1795 then 1805 Stop loss near 1757.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	26.05.07	25.05.07	Change
Guar Seed	Bikaner	1740	1735	+5
	Jodhpur	1830	1820	+10
	Nokha	1655	1650	+5
Guar Gum	Sriganganagar			
	Jodhpur	4450	4450	-

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