

■ GUAR SEED

■ 29th, Sept. 2007

SPOT MARKETS:

Amidst routine demand against improved arrivals guar seed and gum prices remained unchanged at Thursday's level across the major markets in Rajasthan while eased in Sriganganagar markets due to increased arrivals. Sources reported that fresh arrivals increased in Sriganganagar markets at around 1400-1500 bags, but 80-90 per cent of arrivals are of inferior quality and farmers are selling it at a discount which restricted the upside and pressurized the prices to some extent. Arrivals across the markets improved from 3,000 bags to around 3,800 bags. Bikaner and Nokha received the arrival of 150-200 bags each. Good demand from millers and exporters reported at lower prices level. Meanwhile, with unconfirmed report that Haryana govt. is likely exempt the VAT (value added tax) on guar seed and gum from October 1st, 2007. Further, the growth and yield of guar crop may be affected in Western and Central Rajasthan as IMD predicted for withdrawal of SW monsoon in next 48 hours over Rajasthan and NW India.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures traded weak at NCDEX. The November contract for Guar seeds opened firm at Rs 1729/qtl, Rs 3 up from the previous closing of Rs 1726/qtl and traded up initially testing a high of Rs 1736/qtl. However, prices traded down thereafter on some selling pressure testing a low of Rs 1702/qtl before it closed at Rs 1706/qtl. November contract traded in the range of Rs 1702-1736/qtl and October contract traded in the range of Rs 1674-1705/qtl. Guar gum November contract traded in the range of Rs 4365-4440/qtl and October contract traded in the range of Rs 4300-4365/qtl.

PRICE DRIVERS:

- Total acreage in Rajasthan is estimated at 2.14 mln ha compared to last year's 2.81 mln ha.
- EU begins accepting guar gum consignment
- Unconfirmed report that Haryana govt. exempting VAT on guar seed and gum from Oct 1st
- Quality concerns over harvested seeds as well as maturing crop in Sriganganagar due to recent rains
- Reports of lower yield in Haryana & Rajasthan
- Expectation of lower production in Pakistan
- Good demand from millers & exporters
- Fresh arrivals started in Sriganganagar
- Lower stock position in the market

WEATHER IMPACT:

IMD predicted for withdrawal of SW monsoon over parts of Rajasthan and NW India.

TECHNICALS:

Candlestick chart pattern shows weakness in prices. MACD and EMA remain weak for the medium-term. Stochastic is about to make a bullish crossover while RSI is heading down in the oversold zone. So a bounce back cannot be ruled out. Market is expected to trade range bound with weak bias with possibility of late upward movement.

OUTLOOK:

Guar seed futures are expected to trade range bound with weak bias.

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Nov.	1697	1690	1708	1724	1730
NCDEX Guar Gum Nov.	4351	4360	4380	4410	4422
MCX Guar Seed Nov.	1648	1655	1684	1700	1710

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- November Guar Seed above 1700 with target of 1712 then 1718. Stop loss near 1694.

BUY NCDEX- November Guar Gum above 4370 with target of 4390. Stop loss near 4360.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- November Guar Seed above 1665 with target of 1685. Stop loss near 1655.

Do not carry forward the position until the next day.

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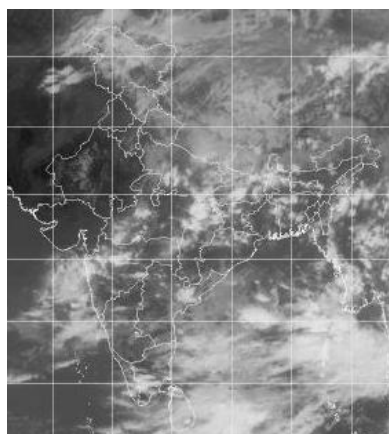
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	28.09.07	27.09.07	Change
Guar Seed	Bikaner	1650-55	1650-55	-
	Jodhpur	1780-90	1780-90	-
	Nokha	1665-75	1665-75	-
Guar Gum	Sri Ganganagar	1650	1660-65	-15
	Jodhpur	4450-75	4450-75	-

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	October	1698	1705	1674	1678	1696	-18
	November	1729	1736	1702	1706	1726	-20
	December	1761	1768	1735	1738	1757	-19
Guar Gum	October	4352	4365	4300	4300	4356	-56
	November	4440	4440	4365	4380	4424	-44
	December	4506	4520	4446	4460	4502	-42

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 28.09.07)**



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