

GUAR COMPLEX

Agriwatch
DAILY

■ GUAR SEED

■ 29th Oct, 2007

SPOT MARKETS:

Guar seed and gum extended previous advances further during Saturday's trade. It was offered in a higher price range across major domestic markets amidst reduced arrivals at the weekend. Arrivals declined from around 80000-85000 bags to around 70000 bags on all-India basis. Traders reported improved demand as the major reason behind the price rise. Moreover, spillover strength in domestic guar futures market has also supported the physical market sentiments. The market remains underpinned by the expectations of the European Union clearing the contamination issues related to guar gum exports. Consequently, some stockists demand was present in the market. Guar gum prices also improved moderately in the line of guar seed prices and traders are eyeing further reports from the EU regarding the contamination issue for further direction. Export demand for guar gum remains at the weaker side. Quality seeds of Western Rajasthan are likely to be seen in the market yards only after 15th of November, thus resulting in a temporary void in supplies of good quality seeds. Guar prices are likely to remain firm in the day ahead on improved demand for the commodity.

FUTURES MARKETS (NCDEX & MCX):

Guar seed as well as guar gum futures at NCDEX extended Friday's gains further during Saturday's trade. Most active December guar seed contract at NCDEX opened higher than previous settlement and tested an intraday low of Rs. 1782 at the early hours of trade. Increased buying interest has supported the futures thereafter and the futures traded upwards to test an intraday high of Rs. 1807. Most active December guar seed contract finished higher by Rs. 19 or 1.09 per cent after trading in the range of Rs. 1782-1807 during Saturday's trade.

Most active December guar gum contract finished higher by Rs. 45 or 1.01 per cent after trading in the range of Rs. 4440-4485 during Saturday's trade.

PRICE DRIVERS:

- Market is expecting EU team's report positive
- Arrivals now expected to gradually fall in Sriganganagar region
- Improved demand from stockists
- Arrivals in Haryana is increasing, seed quality is poor
- Reports of lower yield in Haryana
- Expectation of lower production in Pakistan
- Good demand from millers
- Shortage of quality seeds in the market

WEATHER IMPACT:

Dry weather conditions prevail in the main guar growing regions, which is conducive for the harvest of the crop in early sown areas of Rajasthan and Haryana. Western Rajasthan is waiting for rains for its pod-bearing crop.

TECHNICALS:

Candlesticks pattern indicates steady to firm opening and initial uptrend. Prices closed above the 9-day as well as 18-day EMA, suggesting a firm trend in the market. MACD is in the positive territory, supporting the firmness in the market. 14-day RSI is in neutral region and would support both way movements. Guar futures are likely to trade upwards following a steady to firm opening with possibility of some downward movements later.

NCDEX Guar Seed December Contract:

Guarseeds 0712(NCGUAZ7)2007/10/28 - Daily B:1802.00 A:1803.00
O 1786.00 H 1807.00 L 1782.00 C 1802.00 V 65,940 I 123,340 +18
EMA(9) 1776.3 (18) 1767.3



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Dec.	1774	1790	1802	1827	1843
NCDEX Guar Gum Dec.	4421	4447	4477	4520	4544
MCX Guar Seed Dec.	1742	1750	1770	1777	1785

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- December Guar Seed near 1800 with target of 1820 and then 1825. Stop loss at 1791.

BUY NCDEX- December Guar Gum near 4470 with target of 4510. Stop loss at 4455.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- December Guar Seed near 1765 with target of 1775. Stop loss near 1760.

Do not carry forward the position until the next day.

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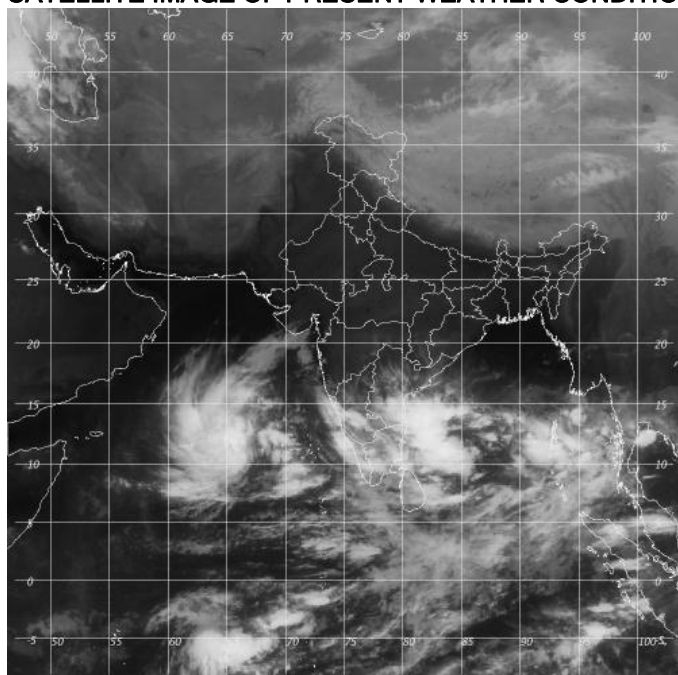
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GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centre	27.10.07	26.10.07	Change
Guar Seed	Bikaner	1670	1660	+10
	Jodhpur	1765	1735	+30
	Nokha	Na	Na	-
	Sri Ganganagar	1570-90	1560-80	+10
Guar Gum	Jodhpur	4350	4325	+25

SATELLITE IMAGE OF PRESENT WEATHER CONDITIONS: (Source: IMD)



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