

## ■ GUAR SEED

■ 23th, Oct. 2007

### SPOT MARKETS:

Guar seed and gum-traded firm in most of the markets Monday on improved buying from millers and selective buying by stockists. Steady arrivals of 60000 bags of guar seed were seen in different markets. With the expectations of EU clearing guar gum, the stockists are now turning towards the market yards and grabbing the selective quality seeds. Millers on the other hand continue to buy in the market looking at domestic demand and healthy demand for byproducts. Meanwhile, guar gum prices are not witnessing sharp climb as that of seeds as the reports of EU team is still awaited and there is not much export demand at this stage. Once the decision comes as expected, demand and prices will shoot up for guar gum too. However as the recovery of guar gum from poor quality seeds declines up to 1Kg per quintal from normal 29 kg/qlt, the prices of poor quality seeds are still not gearing up much. Also due to unsuitability of the same (guar gum) for export purpose due to its off colour, the exporters are not interested in poor quality seeds. The quality seeds from western Rajasthan are likely to see market yards only after 15<sup>th</sup> of November, which is creating a temporary void in supplies. The prices might remain range bound to slightly firm in a short run.

### FUTURES MARKETS (NCDEX & MCX):

Guar seed and guar gum futures extended Saturday's gains. NCDEX Guar seed December contract opened weak by Rs 3 at Rs1775/qlt. The prices thereafter tried to dip to lowest to Rs 1773 but failed to sustain lows and climbed up to close at the days high Rs 1799 /qlt. NCDEX near month November futures contract traded mostly positive between Rs 1732-1753/qlt during the session. The trading for the day culminated at Rs 1751/qlt. NCDEX November delivery Guar gum futures contract also gained after opening firm by Re 1 at Rs 4315/qlt. The contract traded between Rs 4310-4355/qlt before ending Rs 27 up at Rs 4341/qlt. Guar gum December futures contract prices increased by Rs 25 to close at Rs 4435/qlt.

### PRICE DRIVERS:

- Market is expecting EU team's report positive
- Arrivals now expected to gradually fall in Sriganganagar region
- Sluggish 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:

Guar Seed chart shows a short term uptrend of prices. The prices closed above short term and medium term EMA's, supporting bulls. MACD has entered in positive zone and rising to show bullish momentum in the market. Stochastic Oscillator is rising in overbought region and RSI is rising in neutral zone thus indicating firmness.

### OUTLOOK:

Guar futures may continue to trade with bullish bias.

### NCDEX Guar Seed November Contract:



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

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Dec.	1763	1774	1799	1820	1827
NCDEX Guar Gum Dec.	4347	4374	4435	4462	4495
MCX Guar Seed Dec.	1683	1698	1716.5	1742	1752

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**BUY** NCDEX- December Guar Seed above 1790 with target of 1808 and then 1815. Stop loss at 1780.

**BUY** NCDEX- December Guar Gum above 4423 with target of 4460. Stop loss at 4404.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

**BUY** MCX- December Guar Seed above 1710 with target of 1730. Stop loss near 1700.

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

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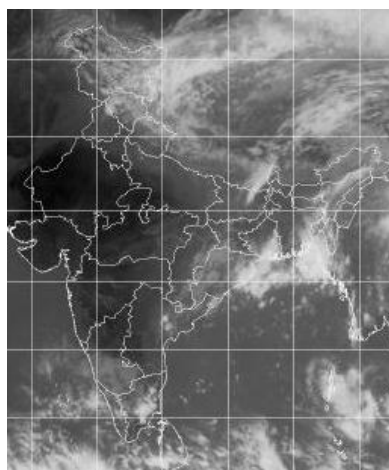
### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	22.10.07	20.10.07	Change
Guar Seed	Bikaner	1650-60	NA	-
	Jodhpur	1775	1730-1760	+15
	Nokha	1710	1700	+10
Guar Gum	Sri Ganganagar	1590	1580	+10
	Jodhpur	4350	4325	+25

### NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	November	1735	1753	1732	1751	1730	+21
	December	1775	1800	1773	1799	1771	+28
	January	1813	1835	1810	1834	1802	+32
Guar Gum	November	4315	4355	4310	4341	4303	+38
	December	4412	4447	4400	4435	4395	+40
	January	4470	4534	4470	4523	4473	+50

**SATELLITE  
IMAGE OF  
MONSOON  
PROGRESS  
(As on 22.10.07)**



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