

■ GUAR SEED

■ 3rd, Oct. 2007

SPOT MARKETS:

Guar seed and gum prices remained unchanged during the Monday's trade on routine demand against restricted arrivals. Good demand from millers / processors reported in the market following a demand for Churi and Korma (by product of guar seed processing). Mild demand from exporters reported in the market. Arrivals across the major markets in Rajasthan declined from the Saturday's level from 3800-4000 bags to around 3000-3400 bags, which supported the sentiment. Fresh arrivals in Sriganganagar declined from 1400-1500 bags to 900-1000 bags (including some old stocks), however, as the seeds are of inferior quality farmers are selling it at a discount which restricting the upside. Meanwhile, the exporters have to acquire certification of guar gum sample from Vimta Lab before exporting the consignment, which further restricted the upside in prices as testing of sample costs around Rs 25,000-30,000, sources revealed.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures traded firm at NCDEX. The November contract for Guar seeds opened firm at Rs 1695/qrtl, Rs 7 up from the previous closing of Rs 1688/qrtl and traded down to test an intraday low of Rs 1677/qrtl. However, prices recovered thereafter on renewed buying interest and profit taking and tested a high of Rs 1703/qrtl before it closed at Rs 1699/qrtl. November contract traded in the range of Rs 1677-1703/qrtl and October contract traded in the range of Rs 1652-1690/qrtl. Guar gum November contract traded in the range of Rs 4320-4365/qrtl and October contract traded in the range of Rs 4250-4285/qrtl.

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 from some more parts of Rajasthan, NW India and Punjab.

TECHNICALS:

A hammer like candlestick is formed in the chart indicating reversal. MACD and EMA remain weak for the medium-term. Stochastic is moving flat in the oversold region while RSI is heading up in the oversold zone. So a bounce back cannot be ruled out. Market is expected to trade range bound with firm bias with possibility of late downward movement.

OUTLOOK:

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

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Nov.	1684	1692	1699	1734	1743
NCDEX Guar Gum Nov.	4340	4350	4361	4405	4412
MCX Guar Seed Nov.	1615	1625	1625	1685	1701

INTRADAY TRADE RECOMMENDATION (NCDEX):

Buy NCDEX- November Guar Seed above 1706 with target of 1720 then 1727. Stop loss near 1698.

Buy NCDEX- November Guar Gum above 4370 with target of 4388 then 4395. Stop loss near 4360.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

Buy MCX- November Guar Seed above 1655 with target of 1675. Stop loss near 1645.

Do not carry forward the position until the next day.

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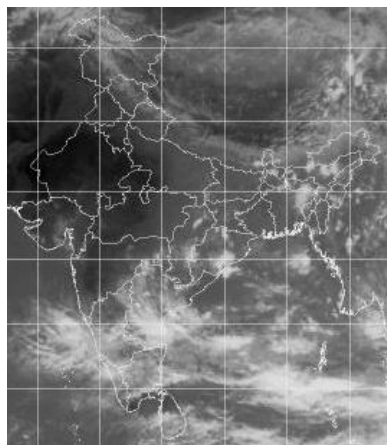
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	01.10.07	29.09.07	Change
Guar Seed	Bikaner	1625-30	1625-30	-
	Jodhpur	1740-50	1740-50	-
	Nokha	1640-45	1645	-
Guar Gum	Sri Ganganagar	1620-25	1625	-
	Jodhpur	4350-75	4350-75	-

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	October	1675	1690	1652	1671	1660	+11
	November	1695	1703	1677	1699	1686	+13
	December	1724	1735	1709	1731	1717	+14
Guar Gum	October	4265	4285	4250	4276	4274	+2
	November	4351	4365	4320	4361	4329	+32
	December	4420	4437	4399	4425	4400	+25

SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 01.10.07)



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