

■ GUAR SEED

■ 11th, Oct. 2007

SPOT MARKETS:

Guar seed prices improved further Wednesday at majority of the centers as buying emerged at lower levels. The prices inched higher despite increased arrivals of 40000-45000 bags as compared to 25000-30000 bags on the previous day. Though the quality issue still remains with arrivals from Sriganganagar belt and Haryana being poor quality stuff, good demand from millers at lower levels due to good demand for by-products like Churi and Korma, pushed the prices higher. Despite higher acreage in Haryana, crop loss due to rains during maturity period is likely to keep the production in the vicinity of the last year's production from the state and thus overall production of the country might remain slightly short as compared to last year as acreage of guar is lower in Rajasthan. However the exact quantum is uncertain given the crop is still in the pod bearing stage in Western Rajasthan and requires showers before maturity. Further, scenario on the export front is hazy with market awaiting report of EU delegation on quality testing facilities in the country. Guar seed market is likely to remain range bound to slightly weak until it sees the green signal from the EU team and good quality seeds start reaching the markets.

FUTURES MARKETS (NCDEX & MCX):

Guar seed and guar gum futures traded firm Wednesday as buying emerged at lower levels. Guar seed futures have traded with bullish bias after steady opening at NCDEX on Wednesday extending the gains of the previous two sessions. The November contract for Guar seeds opened steady at Rs 1688/qrtl, and since then it traded with positive bias in the range of Rs 1688-1719/qrtl. The trading ended up by Rs 22 at 1711/qrtl. October contract traded firm in the range of Rs 1658-1685/qrtl during the session. The Guar gum futures [November contract] opened firm at Rs 4300/qrtl against the previous close of Rs 4296/qrtl. The futures traded bullish since then in the range of Rs 4300-4340/qrtl only to close at Rs 4325. Guar gum October contract traded in the range of Rs 4228-4260/qrtl.

PRICE DRIVERS:

- Harvesting gathering momentum in Sriganganagar
- Sluggish demand from stockists
- Arrivals in Haryana is increasing, seed quality is poor
- 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
- Poor quality of seeds in Sriganganagar
- Reports of lower yield in Haryana & Rajasthan
- Expectation of lower production in Pakistan
- Good demand from millers
- Lower stock position 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.

TECHNICALS:

The prices closed above short term EMA that favours bulls in a short run. MACD is running flat in negative region. RSI is favouring bulls in normal region. Stochastic is also on the verge of giving bullish crossover. Market is expected to trade volatile with bullish bias.

OUTLOOK:

Guar seed futures are expected to trade volatile with bullish bias.

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Nov.	1688	1697	1711	1736	1751
NCDEX Guar Gum Nov.	4263	4283	4325	4376	4397
MCX Guar Seed Nov.	1655	1663	1680	1710	1730

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- November Guar Seed above 1702 with target of 1722 and then 1732. Stop loss near 1690.

BUY NCDEX- November Guar Gum above 4310 with target of 4350 and then 4368. Stop loss near 4285.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- November Guar Seed above 1680 with target of 1700. Stop loss near 1668.

Do not carry forward the position until the next day.

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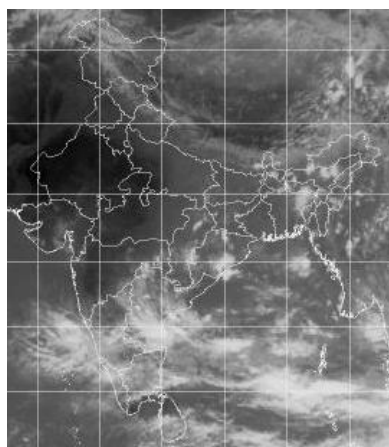
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	10.10.07	09.10.07	Change
Guar Seed	Bikaner	1615	1600-1610	+5
	Jodhpur	1730	1720	+10
	Nokha	1670	1640-1650	+20
Guar Gum	Sri Ganganagar	1520	1490	+30
	Jodhpur	4325	4250	+75

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	October	1661	1685	1658	1679	1657	+22
	November	1688	1719	1688	1711	1689	+22
	December	1723	1750	1719	1744	1719	+25
Guar Gum	October	4228	4260	4228	4260	4211	+49
	November	4300	4340	4300	4325	4296	+29
	December	4360	4414	4360	4395	4348	+47

SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 10.10.07)



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