

■ GUAR SEED

■ 30th Oct, 2007

SPOT MARKETS:

Guar seed and gum traded with a firm sentiment at the start of this week. It was quoted in a higher price range across major domestic markets amidst improved demand. Arrivals increased further to around 90000-95000 bags on all-India basis. However, increased demand has offset the arrival pressure in the market. Traders reported higher demand from the stockists as well as millers. Moreover, strength in domestic guar futures market has also added to the firmness in physical market prices. 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 started the week extending previous gains. Most active December contract at NCDEX opened higher than previous settlement and tested an intraday low of Rs. 1807 at the opening session of trade. The futures traded sharply upwards thereafter on increased buying interest and the December contract tested an intraday high of Rs. 1825. Most active December guar seed contract finished higher by Rs. 19 or 1.09 per cent after trading in the range of Rs. 1807-1825 during Monday's trade.

Most active December guar gum contract finished higher by Rs. 33 or 0.74 per cent after trading in the range of Rs. 4480-4520 during Monday'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 further 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)2007/10/29 - Daily B:1820.00 A:1821.00
O 1807.00 H 1825.00 L 1807.00 C 1821.00 V 93,470 I 124,130 +19
EMA(9) 1785.2 (18) 1772.9



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Dec.	1799	1810	1821	1840	1851
NCDEX Guar Gum Dec.	4460	4486	4510	4554	4582
MCX Guar Seed Dec.	1742	1750	1770	1785	1794

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- December Guar Seed near 1818 with target of 1830 and then 1835. Stop loss at 1811.

BUY NCDEX- December Guar Gum near 4500 with target of 4535. Stop loss at 4488.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- December Guar Seed near 1765 with target of 1780. Stop loss near 1758.

Do not carry forward the position until the next day.

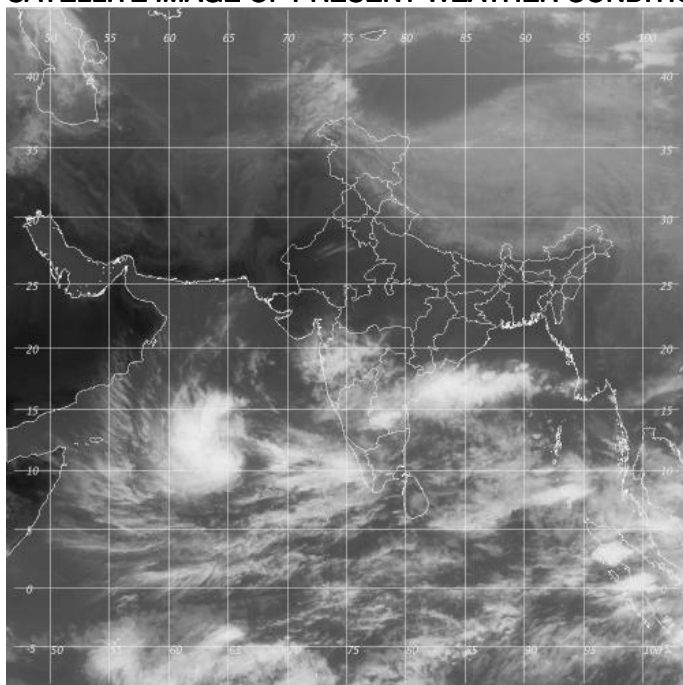
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GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centre	29.10.07	27.10.07	Change
Guar Seed	Bikaner	1690-1700	1670	+20
	Jodhpur	1775	1765	+10
	Nokha	Na	Na	-
	Sri Ganganagar	1600	1570-90	+10
Guar Gum	Jodhpur	4400	4350	+50

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



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