

## ■ GUAR SEED

■ 24th Oct, 2007

**SPOT MARKETS:**

Guar seed and gum traded on an average steady to weak at major markets on some slowdown in domestic demand. Arrivals were mostly at par current level of around 60000 bags on all India basis. However, prices remain supported by the expectations of the European Union clearing the issues related to guar gum exports. Consequently, some stockists demand was seen in the market. At Nokha, prices were quoted higher on demand from stockists as well as millers and traders are expecting prices to move up further in the coming days. While, guar seed prices witness some volatility, prices of guar gum remain steady eyeing further reports from the EU. Export demand for guar gum remains weak at present because of the off colour. Quality seeds Western Rajasthan are likely to be seen in the market yards only after 15<sup>th</sup> of November, thus resulting in a temporary void in supplies of good quality seeds. Prices are likely to recover in the medium-term, but may see some weakness in the day ahead.

**FUTURES MARKETS (NCDEX & MCX):**

Guar seed as well as guar gum futures at NCDEX witnessed some decline on profit taking after registering gains in last two sessions. Most active December guar seed contract at NCDEX opened higher than previous settlement and tested an intraday high of Rs. 1805 at the early hours of trade. The futures traded sharply downwards thereafter on increased selling interest and tested an intraday low of Rs. 1768. Most active December guar seed contract finished lower by Rs. 25 or 1.39 per cent after trading in the range of Rs. 1768-1805 during Tuesday's trade.

Most active December guar gum contract finished lower by Rs. 27 or 0.61 per cent after trading in the range of Rs. 4406-4458 during Tuesday's trade.

**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:**

Candlesticks pattern indicates steady to weak opening and further downtrend. Close above the short-term EMAs suggest a bullish trend in the market. MACD is in positive territory, supporting the underlying firmness in the market. 14-day RSI is in neutral region and would support both way movements. Guar futures are likely to trade downwards following a steady to weak opening with possibility of late recovery.

**NCDEX Guar Seed December Contract:**

Guarseeds 0712(NCGUAZ7)2007/10/23 - Daily B:1768.00 A:1770.00  
O 1800.00 H 1805.00 L 1768.00 C 1769.00 V 91,320 I 124,750 -30  
EMA(9) 1764.2 (18) 1758.4

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

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Dec.	1739	1751	1769	1784	1796
NCDEX Guar Gum Dec.	4345	4370	4408	4426	4450
MCX Guar Seed Dec.	1701	1716	1740	1758	1771

**INTRADAY TRADE RECOMMENDATION (NCDEX):**

**SELL** NCDEX- December Guar Seed above 1775 with target of 1760 and then 1755. Stop loss at 1783.

**SELL** NCDEX- December Guar Gum above 4420 with target of 4390. Stop loss at 4435.

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

**INTRADAY TRADE RECOMMENDATION (MCX):**

**SELL** MCX- December Guar Seed above 1745 with target of 1720. Stop loss near 1752.

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

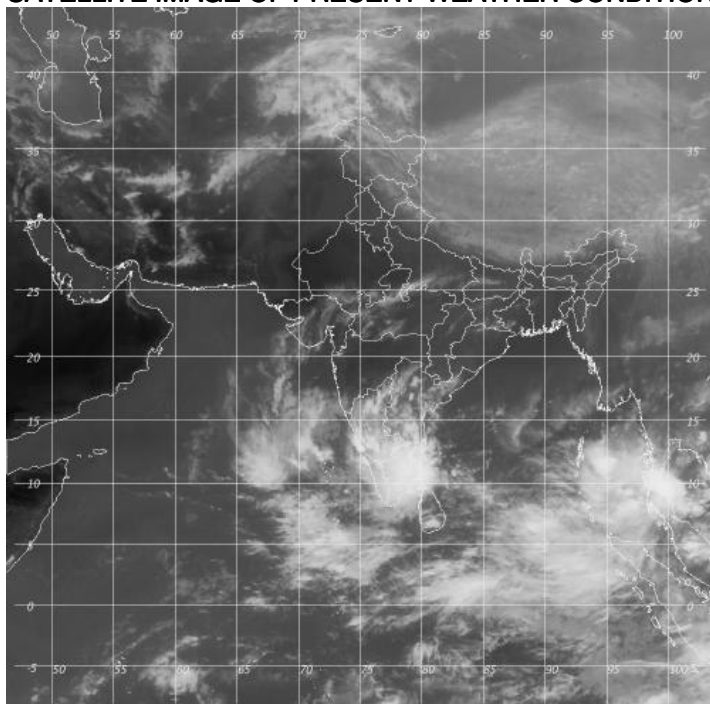
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### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centre	23.10.2007	22.10.2007	Change
Guar Seed	Bikaner	1650	1650-60	-
	Jodhpur	1750	1775	-25
	Nokha	1750-60	1710	+50
	Sri Ganganagar	1580-85	1590	-10
Guar Gum	Jodhpur	4350	4350	-

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



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