

■ GUAR SEED

■ 4th, Oct. 2007

SPOT MARKETS:

Guar seed and gum prices remained mixed during Wednesday's session as increased arrivals and poor quality seeds pressured prices in the northern Rajasthan Markets, whereas prices remained steady to slightly firm in the rest of the centers. The arrivals from the new crop have started picking momentum in Sri Ganganagar and nearby markets, however the poor quality of fresh harvest is concerning for the farmers. Around 40-50% of the fresh arrivals are of poor quality and are fetching as low as Rs 1350/qrtl. The total arrivals in Rajasthan jumped higher to 7000-8000 bags from 3000-4000 bags on Monday boosted by increased arrivals in Sri Ganganagar. The arrivals shot up from 900-1000 bags to 5000-6000 bags in Sri Ganganagar on Wednesday. The domestic demand for quality seeds continues to remain good, whereas overseas demand has yet to pick up. Good demand for by products of guar seed processing is also supporting the seed prices to some extent.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures traded firm at NCDEX. The November contract for Guar seeds opened firm at Rs 1702/qrtl, Rs 2 up from the previous closing of Rs 1700/qrtl and traded down to test the previous closing levels. However, prices recovered thereafter on renewed buying interest and short covering and tested a high of Rs 1738/qrtl before it closed at Rs 1737/qrtl. November contract traded in the range of Rs 1700-1738/qrtl and October contract traded in the range of Rs 1674-1703/qrtl. Guar gum November contract traded in the range of Rs 4360-4420/qrtl and October contract traded in the range of Rs 4266-4343/qrtl.

PRICE DRIVERS:

- Arrivals gathering momentum in Sri Ganganagar belt of Rajasthan
- 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:

Closing Maruboju pattern of candlestick shows the dominance of bulls. The prices closed above 9-days EMA, which is a positive signal. MACD continues to move downwards in negative region, which shows increase in bearish momentum. Stochastic has just made bullish crossover in oversold region. RSI has also just entered in normal region from oversold region. Market is expected to trade 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.	1690	1710	1737	1776	1795
NCDEX Guar Gum Nov.	4352	4376	4417	4492	4539
MCX Guar Seed Nov.	1615	1625	1625	1685	1701

INTRADAY TRADE RECOMMENDATION (NCDEX):

Buy NCDEX- November Guar Seed above 1737 with target of 1758 then 1775. Stop loss near 1722.

Buy NCDEX- November Guar Gum above 4417 with target of 4458 then 4480. Stop loss near 4393.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

Buy MCX- November Guar Seed above 1675 with target of 1695. Stop loss near 1660.

Do not carry forward the position until the next day.

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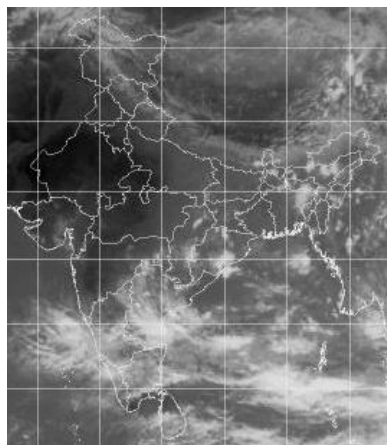
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	03.10.07	01.09.07	Change
Guar Seed	Bikaner	1625-30	1625-30	-
	Jodhpur	1775	1740-50	+25
	Nokha	1640-50	1640-45	-
Guar Gum	Sri Ganganagar	1580-85	1620-25	-40
	Jodhpur	4385	4350-75	+10

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	October	1676	1703	1674	1702	1671	+31
	November	1702	1738	1700	1737	1700	+37
	December	1733	1771	1733	1770	1732	+38
Guar Gum	October	4292	4343	4266	4335	4270	+65
	November	4370	4420	4360	4417	4356	+61
	December	4440	4494	4436	4490	4429	+61

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 03.10.07)**



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