

■ GUAR SEED

■ 19th Dec, 2007

SPOT MARKETS:

Guar prices remained mostly steady to slightly firm as buying emerged at lower levels. The guar market has turned price sensitive and demand emerges at lower levels. The arrivals continue to remain healthy in the domestic markets. The prices are currently hovering on the lower side in the harvesting and healthy arrival season. But the off-season prospects are good; given the guar production in Pakistan is poor this year. As Pakistan and India are the main suppliers of the guar in the global market, decline in Pakistan's guar production has increased the dependency of global market on Indian guar production. With the quality of northern guar crop affected by untimely rains in the region, the availability of quality seeds in domestic market is relatively tight this year. All these factors hints for healthy price premiums in the off-season, however strong rupee might hurt these premiums to an extent.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar Seed and Guar Gum futures prices recovered smartly after initial weakness. NCDEX January delivery Guar seed futures traded between Rs 1637-1651 a quintal and then finally ended firm at Rs 1650 per quintal. Guar Gum January expiry futures prices also traded in a similar fashion. NCDEX January guar gum futures traded in the range of Rs 4110-4145 per quintal before finally closing the session at day's high of Rs 4145 per quintal.

PRICE DRIVERS:

- Strong rupee hurting the margins of exporters
- Subdued export demand of guar gum
- Expectation of lower production in Pakistan
- Good demand from stockists
- Shortage of quality seeds in the market

WEATHER IMPACT:

Weather conditions in western Rajasthan has improved and is conducive for harvest and post harvest of guar seed.

TECHNICALS:

Guar chart is displaying a downtrend. The prices continue to hold below short and medium term EMA's, which supports bears. MACD is running flat in negative zone. Stochastic has made bullish crossover in oversold region.

OUTLOOK: The prices are likely to see some recovery.

NCDEX Guar Seed January Contract:**SUPPORT / RESISTANCES (NCDEX and MCX):**

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Jan.	1620	1630	1650	1678	1689
NCDEX Guar Gum Jan.	4089	4105	4145	4200	4232

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- January Guar Seed above 1652 with target of 1667 and then 1675. Stop loss at 1644.

BUY NCDEX- January Guar Gum above 4135 with target of 4180 and then 4200. Stop loss at 4110.

Do not carry forward the position until the next day.

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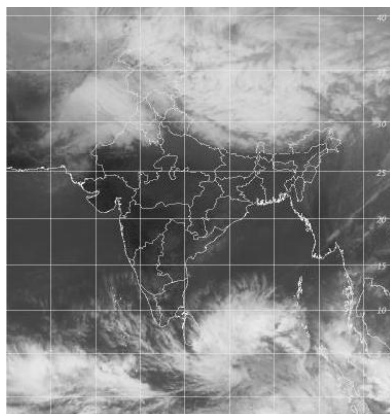
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	18.12.07	17.12.07	Change
Guar Seed	Bikaner	1560-1570	1560	-
	Jodhpur	1660-1665	1650	+10
	Nokha	1600	1600	-
	Sri Ganganagar	1510	1520	-10
Guar Gum	Jodhpur	4150	4100-4125	+25

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	December	1597	1597	1584	1591	1586	+5
	January	1642	1651	1637	1650	1642	+8
	March	1722	1732	1717	1731	1722	+9
Guar Gum	December	4050	4050	4005	4050	4052	-2
	January	4120	4145	4110	4145	4118	+27
	March	4280	4314	4280	4314	4286	+28

SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 17.12.07)



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