

■ GUAR SEED

■ 29th Dec, 2007

SPOT MARKETS:

Guar seed prices recovered slightly on Friday at most of the centers with sellers hesitant at lower levels. Lack of action on export front is keeping the prices on the softer side. Meanwhile, European Union has asked Indian manufacturers to separate production and processing of food and industrial grade gum as per media reports. Some small exporters in India are thought to use the same facilities for the manufacture of both food and industrial grade guar gum. Implementation of the EU's recommendation would increase the costs for those small producers. Exports are likely to gather momentum from the first week of January when some fresh orders are expected, which might give some respite to the guar market.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar Seed and Guar Gum futures recouped all the earlier losses of the session to close with modest gains on Friday. NCDEX March delivery Guar seed futures opened weak at Rs 1710 and then dipped to see the lows of Rs 1696 before finally closing at Rs 1722 per quintal with a modest gains of Rs 6. Guar Gum March expiry futures opened gap down at Rs 4241 and then traded as low as Rs 4200 before finally closing the session with modest gain of Rs 7 at Rs 4275 per quintal.

PRICE DRIVERS:

- Strong rupee hurting the margins of exporters
- Steady arrivals in the market
- Expectation of lower production in Pakistan
- Good demand from stockists
- Shortage of quality seeds in the market

WEATHER IMPACT:

Weather is not much significant as harvest is almost over.

TECHNICALS:

Long lower shadow shows tentativeness at lower levels. The prices have closed well below short term and medium term EMAs, which supports bears. Stochastic is running down in normal region. MACD is showing decreasing bearish momentum.

OUTLOOK: The prices are likely to see volatile movements.

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed March	1690	1700	1722	1740	1748
NCDEX Guar Gum March	4185	4210	4275	4315	4351

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- March Guar Seed above 1717 with target of 1732 and then 1738. Stop loss at 1608.

BUY NCDEX- March Guar Gum above 4263 with target of 4293 and then 4311. Stop loss at 4248.

Do not carry forward the position until the next day.

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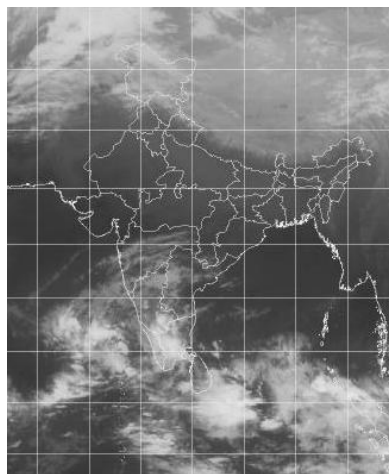
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	28.12.07	27.12.07	Change
Guar Seed	Bikaner	1560-1570	1580-1590	-10
	Jodhpur	1680	1670	+10
	Nokha	1580	1565-1570	+10
	Sri Ganganagar	1540	1530	+10
Guar Gum	Jodhpur	4125-4150	4150	-

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	January	1626	1639	1615	1637	1633	+4
	March	1710	1725	1696	1722	1716	+6
	April	1747	1765	1737	1763	1756	+7
Guar Gum	January	4070	4115	4030	4090	4088	+2
	March	441	4278	4200	4275	4268	+7
	April	4331	4370	4301	4370	4411	-41

SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 28.12.07)



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