

■ GUAR SEED

■ 7th Dec, 2007

SPOT MARKETS:

Guar continued to extend recent weakness on Thursday with increased arrivals pressuring the prices. Total arrivals of 45000-50000 bags were seen in the market yards against 40000 bags on the previous trading day. Healthy supplies in conjunction with sluggish demand from exporters at higher levels are pressuring the prices. Looking at recent fall in the prices the farmers are also not holding their produce. Further, guar being less cost intensive crop, they (farmers) are selling at every available price. Which in turn is keeping the supplies healthy despite falling prices. Meanwhile, EU seems adapting wait and watch policy in relation to its report on quality issue as it is keeping the prices on the softer side. In such a scenario, guar prices are not likely to see any firmness until the arrivals declines. Expect the prices to remain range bound in a short run until supplies start shrinking.

FUTURES MARKETS (NCDEX & MCX):

Guar Seed futures at NCDEX traded weak on Thursday in tandem with physical markets. The most active January contract opened weak at Rs.1691 per quintal and then prices mostly remained on the softer side. The contract saw the lows of Rs 1664 before finally closing at Rs 1665 per quintal. The guar gum futures also traded in similar fashion. January guar gum futures at NCDEX traded weak in the range of Rs 4206-4275/qrtl before closing at day's low of Rs 4206/qrtl with a healthy loss of Rs 59.

PRICE DRIVERS:

- Harvest in northern Rajasthan continues
- Strong domestic currency hurting exports
- Healthy arrivals of guar seeds
- Subdued export demand of guar gum
- Expectation of lower production in Pakistan
- Good demand from millers
- Shortage of quality seeds in the market

WEATHER IMPACT:

Dry weather in western Rajasthan is suitable for guar harvest.

TECHNICALS:

Bearish long day pattern of candlestick shows weakness in the market. Prices have closed below short term and medium term EMAs, which supports bears. MACD is showing slight decrease in bearish momentum. Stochastic and RSI are running downwards in normal region.

OUTLOOK: The prices are likely to see bearish bias.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Jan.	1635	1642	1665	1685	1692
NCDEX Guar Gum Jan.	4135	4160	4206	4236	4252

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- January Guar Seed below 1672 with target of 1655 and then 1650. Stop loss at 1681.

SELL NCDEX- January Guar Gum below 4224 with target of 4185 and then 4160. Stop loss at 4245.

Do not carry forward the position until the next day.

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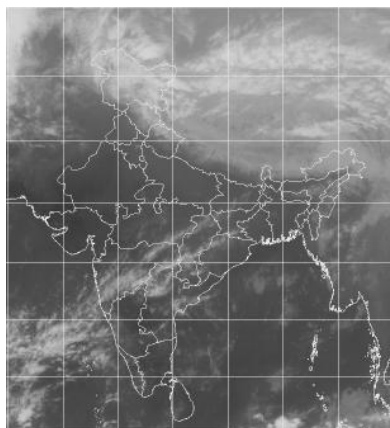
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	06.12.07	05.12.07	Change
Guar Seed	Bikaner	1600	1600	-
	Jodhpur	1670-1680	1690	-10
	Nokha	1605-1610	1610	-
	Sri Ganganagar	1570	1570	-0
Guar Gum	Jodhpur	4150-4175	4225	-50

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	December	1645	1651	1621	1622	1647	-25
	January	1691	1697	1664	1665	1693	-28
	March	1768	1778	1744	1745	1775	-30
Guar Gum	December	4172	4178	4110	4110	4177	-67
	January	4266	4275	4206	4206	4265	-59
	March	4445	4447	4365	4380	4445	-65

SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 06.12.07)



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