

■ GUAR SEED

■ 28th Dec, 2007

SPOT MARKETS:

Guar seed traded mostly weak on Thursday as rumors of ban on Indian guar gum by European Union. The market reacted sharply to such talks and prices plunged sharply indifferent spot markets. However, there is no official notification regarding the same. Contrary to this, European Union has directed Indian manufacturers to separate production and processing of food and industrial grade gum as per media reports. EU team has sent its recommendations to the Shellac and Forest Products Export Promotion Council. The association has forwarded them to exporters and manufacturers of guar gum. Guar gum exports from the country to European countries got affected after the emergence of the contamination issue in August. As the controversy is now resolved, exports of guar gum to Europe might gather momentum. Farmers looked reluctant to sell their produce after a sharp decline in prices on Thursday. Fresh export orders are expected in the first week of January, which might give some booster to the prices.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar Seed and Guar Gum futures plunged sharply on Thursday. NCDEX March delivery Guar seed futures opened weak at Rs 1748 and then plunged to see the lows of Rs 1707 before finally closing at Rs 1713 per quintal with a huge loss of Rs 42. Guar Gum March expiry futures opened gap down at Rs 4357 and then traded mostly weak in the range of Rs 4250-4360 before finally closing at Rs 4252 per quintal.

PRICE DRIVERS:

- Strong rupee hurting the margins of exporters
- Slight decline in arrivals
- 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:

Bearish long day pattern shows weakness in the market. 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	1713	1740	1748
NCDEX Guar Gum March	4185	4210	4252	4311	4351

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- March Guar Seed above 1707 with target of 1730 and then 1740. Stop loss at 1695.

BUY NCDEX- March Guar Gum above 4240 with target of 4280 and then 4300. Stop loss at 4217.

Do not carry forward the position until the next day.

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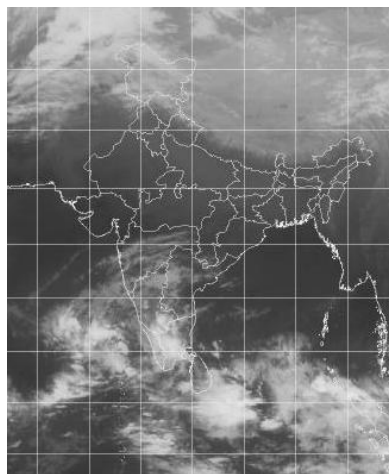
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.12.07	26.12.07	Change
Guar Seed	Bikaner	1580-1590	1620	-30
	Jodhpur	1670	1690	-20
	Nokha	1565-1570	1600-1620	-30
	Sri Ganganagar	1530	1562-1570	-32
Guar Gum	Jodhpur	4150	4225	-75

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	January	1660	1661	1626	1629	1665	-36
	March	1748	1750	1707	1713	1755	-42
	April	1787	1791	1747	1751	1796	-45
Guar Gum	January	4158	4161	4065	4075	4182	-107
	March	4357	4360	4250	4252	4385	-133
	April	4402	4451	4350	4359	4480	-121

SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 24.12.07)



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