

■ GUAR SEED

■ 31st Dec, 2007

SPOT MARKETS:

Guar traded slightly weak on the last trading day of the week as healthy supplies and subdued demand kept the prices on the softer side. Rupee has appreciated by 10.7% against dollar in last one year to Rs 39.425 per dollar and accordingly guar prices in Bikaner has declined 13.8% during the period to Rs 1582 per quintal. Strong rupee is hurting the parity of Indian guar gum this year. As a large chunk of domestic guar production finds its way to overseas markets, export demand and prices plays a big role in Indian guar trade. According to the trade sources about 90000 tonnes of guar products have been shipped this year so far and total exports is expected to cross 2 lakh tonnes. So, the real problem lies in the prices fetched by exports, not with the export demand. If we adjust last year's highest price at Bikaner (Rs 1978 per quintal in April) for rupee appreciation during the period (7.25%), it comes around Rs 1844 per quintal. So, if the prices behave in similar fashion like last year (considering the steady production), there is a scope of around Rs 260 (in extreme case) from current levels of Rs 1582 per quintal.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar Seed and Guar Gum futures traded mostly weak on the last trading day of the week. NCDEX March delivery Guar seed futures opened slightly firm at Rs 1725 and then dipped to the lows of Rs 1702 per quintal. The contract then recovered as buying emerged at lower levels and close at Rs 1711 per quintal. NCDEX March guar gum futures traded in the range of Rs 4225-4260 per quintal before finally closing the session at Rs 4239 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	1711	1740	1748
NCDEX Guar Gum March	4185	4210	4239	4275	4301

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- March Guar Seed above 1704 with target of 1721 and then 1727. Stop loss at 1695.

BUY NCDEX- March Guar Gum above 4225 with target of 4260 and then 4275. Stop loss at 4205.

Do not carry forward the position until the next day.

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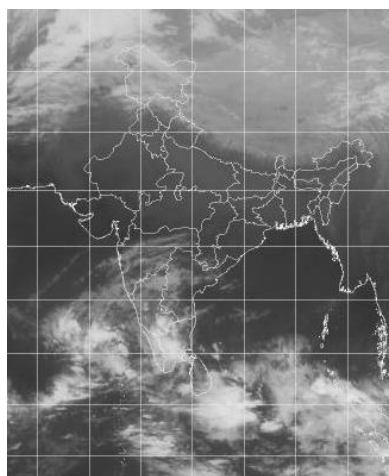
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	29.12.07	28.12.07	Change
Guar Seed	Bikaner	1560-1570	1560-1570	-
	Jodhpur	1675	1680	-5
	Nokha	1570	1580	-10
	Sri Ganganagar	1540	1540	-
Guar Gum	Jodhpur	4100	4125-4150	-25

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	January	1639	1639	1621	1627	1637	-10
	March	1725	1726	1702	1711	1722	-11
	April	1762	1764	1741	1751	1762	-11
Guar Gum	January	4088	4088	4060	4070	4066	+4
	March	4255	4260	4225	4239	4271	-32
	April	4354	4355	4325	4325	4362	-32

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 29.12.07)**



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