

■ GUAR SEED

■ 17th Dec, 2007

SPOT MARKETS:

Guar prices remained steady to slightly weak on the last trading day of the week in the absence of fresh inputs to the market. The arrivals of 45000 to 50000 bags were seen in the market. Sluggish demand from stockists, millers and exporters is keeping the prices on the softer side. Guar seed production in the country is expected to remain steady, as increased production in northern Rajasthan will compensate for decline in production in western and central Rajasthan. Production in Haryana is expected to remain very close to last year despite increased acreage due lower yield. But as the quality of seeds was affected due to rains during maturity period in northern Rajasthan, availability of quality seeds is relatively poor this year. Though, stronger rupee and sluggish exports to European countries is currently keeping the prices on the softer side, lower production in Pakistan suggests that the prices will eventually find some good support from healthy export demand in the coming months. The prices are expected to remain range bound in short term.

FUTURES MARKETS (NCDEX & MCX):

Guar Seed and Guar Gum futures at NCDEX traded range bound with bearish bias. The most active January Guar Seed contract opened firm at Rs.1651 per quintal and then the contract traded in the rang of Rs 1643-1654, before finally closing at Rs 1646 per quintal. Guar Gum futures also traded in similar fashion. NCDEX January guar gum futures traded in the range Rs 4121-4150 per quintal and closed the session at Rs 4141 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:

The prices continue to hold levels below short and medium term EMA's, which supports bears. MACD is running flat in negative region. RSI and Stochastic Oscillator are in oversold region, which warrants caution to bears.

OUTLOOK: The prices are likely to remain on the softerside.

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

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Jan.	1620	1635	1646	1675	1688
NCDEX Guar Gum Jan.	4100	4110	4141	4185	4203

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- January Guar Seed below 1655 with target of 1640 and then 1635. Stop loss below 1663.

SELL NCDEX- January Guar Gum below 4160 with target of 4120 and then 4110. Stop loss at 4185.

Do not carry forward the position until the next day.

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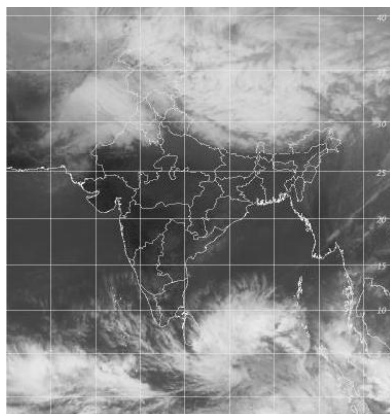
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	15.12.07	14.12.07	Change
Guar Seed	Bikaner	1570	1570-1580	-
	Jodhpur	1660	1660	-
	Nokha	1600	1600	-
	Sri Ganganagar	1520	1530-1540	-10
Guar Gum	Jodhpur	4100	4100-4125	-

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	December	1600	1604	1584	1585	1599	-14
	January	1651	1654	1643	1646	1649	-3
	March	1723	1733	1722	1727	1728	-1
Guar Gum	December	4025	4040	4015	4040	4022	+14
	January	4135	4150	4121	4141	4133	+8
	March	4305	4319	4181	4310	4311	-1

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 15.12.07)**



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