

## ■ GUAR SEED

■ 8th Dec, 2007

### SPOT MARKETS:

Healthy arrivals and subdued demand continues to pressure guar prices in domestic markets. Arrivals of 45000-50000 bags were seen in different market yards on Friday. This year the prices are not finding much support from the demand side. During the entire harvesting period in Northern Rajasthan and Haryana, quality issue kept the prices on softer side as demand for the poor quality seeds were lower. However, when the harvest in western Rajasthan started where the quality of seeds are good, the market was expecting demand to pick up, especially from the exporters. But, strong rupee led shrinkage in margins of forced the exporters to bid lower. Also, continued selling by farmers despite falling prices is keeping supplies healthy. In such a scenario where buyers have bargaining power, the prices might find support only if the arrivals start decreasing. Thus, 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 volatile in a range on Friday. The most active January contract opened slightly firm at Rs 1668 per quintal and then surged to the highs of Rs 1687 per quintal. The prices however couldn't sustain those high levels for long and retreated to close the session at Rs 1676 per quintal with a gain of Rs 11. The guar gum futures also traded in similar fashion. January guar gum futures at NCDEX traded in the range of Rs 4200-48/qtl before closing at Rs 4215/qtl with a modest gain of Rs 3.

### 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:

Prices closed below short term and medium term EMAs, which supports bears. Falling MACD in negative region shows slight increase in bearish momentum. Stochastic is running down in normal region, whereas RSI is heading downwards in normal region.

**OUTLOOK:** The prices may be volatile with bearish bias during Saturday's short session.

### NCDEX Guar Seed December Contract:



### SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Jan.	1642	1659	1676	1693	1704
NCDEX Guar Gum Jan.	4149	4169	4215	4252	4271

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**SELL** NCDEX- January Guar Seed below 1685 with target of 1668 and then 1660. Stop loss at 1695.

**SELL** NCDEX- January Guar Gum below 4235 with target of 4190 and then 4170. Stop loss at 4260.

**Do not carry forward the position until the next day.**

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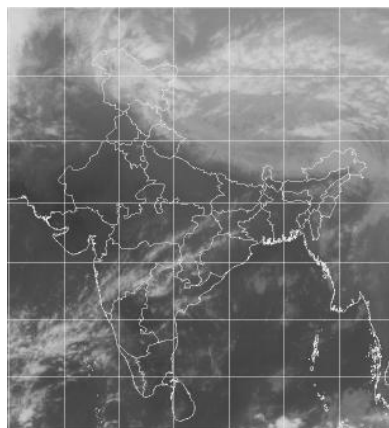
### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	07.12.07	06.12.07	Change
Guar Seed	Bikaner	1587	1600	-13
	Jodhpur	1680	1670-1680	-
	Nokha	1600	1610	-10
	Sri Ganganagar	1540	1560-170	-20
Guar Gum	Jodhpur	4200	4175	+25

### NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	December	1620	1640	1619	1624	1630	+6
	January	1668	1687	1662	1667	1676	+9
	March	1746	1767	1743	1747	1755	+8
Guar Gum	December	4111	4145	4111	4149	4145	-4
	January	4214	4248	4200	4212	4215	+3
	March	4375	4415	4370	4386	4395	+9

**SATELLITE  
IMAGE OF  
MONSOON  
PROGRESS  
(As on 07.12.07)**



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