

■ GUAR SEED

■ 5th Dec, 2007

SPOT MARKETS:

Guar prices remained slightly on the weaker side on Tuesday at most of the markets. Recent recovery after bottoming out couldn't sustain for long, as the market is not getting the much-needed booster from the export side due to strong rupee. The prices are dancing in the tune of domestic demand and supply. Though there is a routine demand on the export front, strong rupee and corresponding shrinkage in margins of exporters are not providing much support to the domestic prices. Supply demand scenario is not much different from the previous year, but it is exchange rate, which is making difference. As the Indian guar market largely depends on the export of the commodity to overseas market, poor export realization this year is restricting exporters to bid higher in the domestic markets. On the domestic front we can expect some firmness when the supplies will start tightening.

FUTURES MARKETS (NCDEX & MCX):

Guar Seed futures at NCDEX traded volatile on Tuesday in the absence of any clear signals from the physical markets. The most active January contract opened weak at Rs.1697 per quintal and then prices surged to the highs of Rs 1704/qrtl. However, the prices couldn't sustain those higher levels and slipped down to the lows of Rs 1685/qrtl before finally closing at Rs 1693/qrtl. The guar gum futures also traded in similar fashion. January guar gum futures at NCDEX traded volatile in the range of Rs 4250-4287/qrtl before closing at Rs 4270/qrtl with a moderate loss of Rs 14.

PRICE DRIVERS:

- 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:

Scattered rains expected in Haryana and Punjab might affect the arrivals there.

TECHNICALS:

Candlestick shows indecision in the market. Prices closed just below short term and medium term EMA, which supports bears. MACD is showing slight decrease in bearish momentum. Stochastic is heading downwards.

OUTLOOK: The prices are likely to see volatile action.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Jan.	1659	1668	1693	1713	1730
NCDEX Guar Gum Jan.	4200	4239	4270	4325	4340

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- January Guar Seed above 1685 with target of 1704 and then 1712. Stop loss at 1675.

BUY NCDEX- January Guar Gum above 4250 with target of 4290. Stop loss at 4225.

Do not carry forward the position until the next day.

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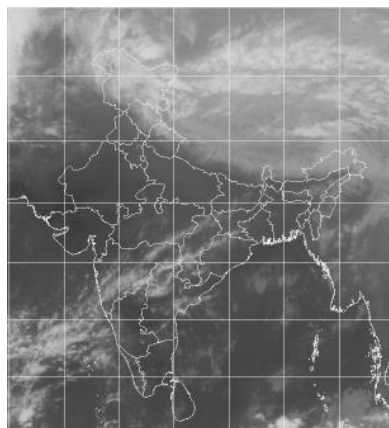
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.12.07	03.12.07	Change
Guar Seed	Bikaner	NA	NA	-
	Jodhpur	1690	1710-1715	+10
	Nokha	1610	1610-1615	-
	Sri Ganganagar	1581	1587	-6
Guar Gum	Jodhpur	4225	4275	-50

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	December	1651	1657	1641	1649	1657	-8
	January	1697	1704	1685	1693	1704	-11
	March	1782	1790	1768	1779	1789	-10
Guar Gum	December	4181	4190	4155	4175	4209	-34
	January	4275	4287	4250	4270	4284	-14
	March	4450	4457	4417	4435	4479	-44

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 04.12.07)**



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