

■ GUAR SEED

■ 13th Dec, 2007

SPOT MARKETS:

Guar prices remained steady to slightly weak on Wednesday pressured by increased arrivals. Arrivals increased to 50000 bags from 40000 bags on the previous day. The market is lacking vigor at this stage with stockists and exporters both showing no hurry to capture guar seeds reaching the market yards. Some traders are seen active in the spot markets to take benefit from the slightly higher prices in futures market. Millers have enough stock for their routine demand and thus not taking active participation in market at this stage. With the ongoing healthy arrivals and slightly weak demand, the prices are hovering on the lower side. However, the downside potential for the prices are also low according to trade sources as buying emerges at lower levels. Market is waiting for momentum to gather on export front. Export demand is likely to improve from January onwards, which might bring some action in the market. Expect the prices to remain range bound in a short run and then gradually increase as the arrivals decrease.

FUTURES MARKETS (NCDEX & MCX):

Guar Seed and Guar Gum futures at NCDEX traded volatile with bearish bias on Wednesday. The most active January Guar Seed contract opened steady at Rs.1684 per quintal and then the contract traded as high as Rs 1688, but prices couldn't sustain those levels and slipped down to see the lows of Rs 1659 per quintal, before finally closing at Rs 1662 per quintal. Guar Gum futures also traded in similar fashion. NCDEX January guar gum futures traded in the range Rs 4178-4231 per quintal and closed the session at Rs 4178 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:

Bearish long day pattern shows the dominance of bears. The prices have closed below short and medium term EMA's, which supports bears. MACD is running flat in negative region. RSI and Stochastic Oscillator are about to enter in oversold region.

OUTLOOK: The prices are likely to move volatile with weak bias during the session.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Jan.	1635	1642	1661	1688	1693
NCDEX Guar Gum Jan.	4120	4135	4178	4225	4252

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- January Guar Seed below 1666 with target of 1646 and then 1642. Stop loss below 1677.

SELL NCDEX- January Guar Gum below 4198 with target of 4158 and the 4140. Stop loss at 4218.

Do not carry forward the position until the next day.

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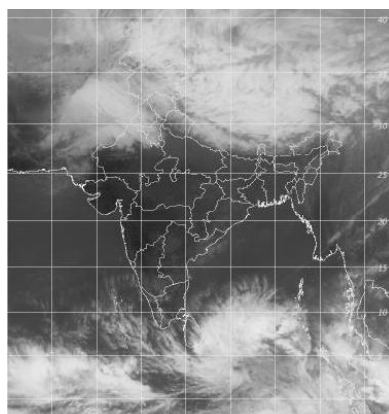
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	12.12.07	11.12.07	Change
Guar Seed	Bikaner	1560-1570	1580	-10
	Jodhpur	1675	1680	-5
	Nokha	1620	1605-1610	-
	Sri Ganganagar	1540	1540	-
Guar Gum	Jodhpur	4150-4175	4175	-

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	December	1639	1639	1615	1617	1639	-22
	January	1684	1688	1659	1661	1683	-22
	March	1764	1767	1738	1739	1763	-24
Guar Gum	December	4100	4128	4080	4090	4230	-40
	January	4217	4231	4178	4178	4223	-45
	March	4385	4397	4341	4341	4399	-58

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 11.12.07)**



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