

■ GUAR SEED

■ 15th Dec, 2007

SPOT MARKETS:

Guar prices remained steady to slightly weak on Friday on increased arrivals and subdued demand. The arrivals increased to 50000 bags as compared to 40000 bags on Thursday. The market continues to observe sluggish exports and domestic demand. Meanwhile healthy supplies are continuously pressuring the prices. Stockists who have made hefty losses last year on aggressive buying during harvesting period are not taking much interest in guar this year. On the other hand strong rupee is squeezing the margins of exporters, which in turn is keeping demand low at higher prices. Further, pending EU's final report on quality issue is also hurting the market sentiments. The prices will get some booster only if the arrivals decline or exports accelerate. 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 recouped some of the earlier losses to close with moderate losses on Friday. The most active January Guar Seed contract opened steady at Rs.1663 per quintal and then the contract traded as high as Rs 1667, but prices couldn't sustain those levels and slipped down to see the lows of Rs 1654 per quintal, before finally closing at Rs 1654 per quintal. Guar Gum futures also traded in similar fashion. NCDEX January guar gum futures traded in the range Rs 4151-4185 per quintal and closed the session at Rs 4161 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:

Long lower shadow of candlestick suggests tentativeness at lower levels. The prices continue to hold levels below short and medium term EMA's, which supports bears. MACD is slowly running down in negative region showing bearish momentum. RSI and Stochastic Oscillator are in oversold region, which warrants caution to bears.

OUTLOOK: The prices are likely to see some recovery.

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

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Jan.	1620	1635	1648	1675	1688
NCDEX Guar Gum Jan.	4100	4110	4140	4185	4203

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- January Guar Seed above 1654 with target of 1666 and then 1673. Stop loss below 1647.

BUY NCDEX- January Guar Gum above 4150 with target of 4184. Stop loss at 4130.

Do not carry forward the position until the next day.

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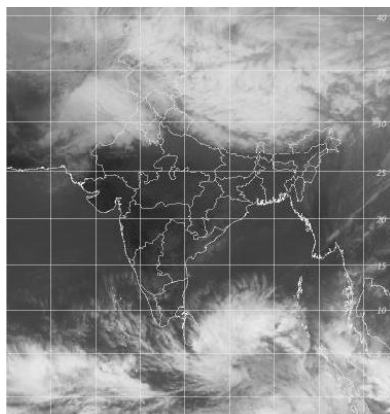
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	14.12.07	13.12.07	Change
Guar Seed	Bikaner	1570-1580	NA	-
	Jodhpur	1660	1665-1670	-5
	Nokha	1600	1605-1610	-5
	Sri Ganganagar	1540	1540	-
Guar Gum	Jodhpur	4100-4125	4125-4150	-25

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	December	1607	1610	1589	1595	1607	-12
	January	1657	1659	1634	1648	1654	-6
	March	1736	1738	1715	1727	1734	-7
Guar Gum	December	4050	4056	3999	4026	4067	-41
	January	4166	4166	4110	4140	4169	-29
	March	4398	4398	4275	4310	4339	-29

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 14.12.07)**



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