

■ GUAR SEED

■ 14th Dec, 2007

SPOT MARKETS:

Guar prices remained steady to slightly weak on Thursday as subdued demand and healthy arrivals kept the prices on the softer side. Arrivals of 40000 bags were seen in the market yards. Stockists who have made hefty losses last year on aggressive buying during harvesting period are not taking much interest in guar this year. Some stockists are still holding their last year's stocks as they never got chance to offload their stocks profitably, thanks to continued weakness in prices after the passage of harvest season last year. As the quality of guar is not affected by long storage of two to three years, the stockists used to hold their stocks for relatively longer period if prices move against their expectations. As the likelihood of arrivals inching higher from current range of 40000-50000 bags is thin, most of the traders assume the current price levels as almost a floor for the season. Though the prices might take some time to show firmness depending upon the duration of healthy supplies in the market, they are bound to see some good firmness in the coming months. 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 weak on Wednesday. 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:

The prices have closed below short and medium term EMA's, which supports bears. MACD is slowly running down in negative region showing decreasing 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.	1635	1642	1654	1677	1684
NCDEX Guar Gum Jan.	4120	4135	4161	4220	4234

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- January Guar Seed above 1656 with target of 1670 and then 1677. Stop loss below 1648.

BUY NCDEX- January Guar Gum above 4165 with target of 4200 and the 4218. Stop loss at 4145.

Do not carry forward the position until the next day.

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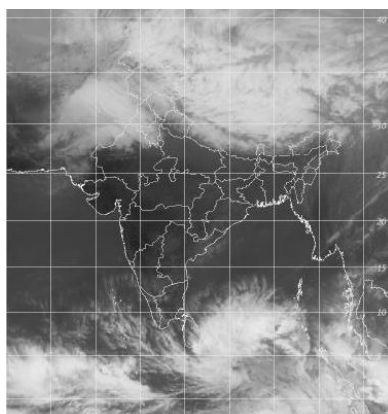
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	13.12.07	12.12.07	Change
Guar Seed	Bikaner	NA	1560-1570	-
	Jodhpur	1665-1670	1675	-5
	Nokha	1605-1610	1620	-10
	Sri Ganganagar	1540	1540	-
Guar Gum	Jodhpur	4125-4150	4150-4175	-25

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	December	1618	1621	1603	1606	1618	-12
	January	1663	1668	1648	1654	1663	-9
	March	1640	1646	1727	1735	1742	-7
Guar Gum	December	4075	4075	4058	4065	4090	-25
	January	4185	4185	4151	4161	4185	-24
	March	4350	4355	4315	4326	4356	-30

SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 11.12.07)



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