

■ GUAR SEED

■ 21st Dec, 2007

SPOT MARKETS:

Guar traded steady to slightly firm at most of the trading centers. Slight decline in arrivals to the tune of 35000 to 40000 supported as demand remained normal. Shipments of guar products to overseas markets are taking place at normal pace, though some improvement in export demand is expected after the forthcoming holidays. Most of the stockists and exporters have accumulated enough guar at bargained prices so far and if the arrivals declines gradually from hereon they won't mind paying slightly higher prices as their average buying price for the season would still remain well below last year's prices. Exporters might also start quoting higher to the overseas buyers with the increased bargaining power on tightening domestic supplies. So the main focus of the guar market is on domestic supplies. Though strong rupee might limit the off-season premiums to some extent, there is still enough scope on higher side. The prices seem have bottomed out and the downside potential is limited.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar Seed and Guar Gum futures prices recovered smartly after initial weakness. NCDEX January delivery Guar seed futures opened steady at Rs 1646 and then dipped initially to the lows of Rs 1638 per quintal. The contract then recovered as buying emerged at lower levels and saw the highs of Rs 1665 before finally closing the session at Rs 1660 per quintal. Guar Gum January expiry futures prices also traded in a similar fashion. NCDEX January guar gum futures traded in the range of Rs 4111-4180 per quintal before finally closing the session at Rs 4160 per quintal.

PRICE DRIVERS:

- Strong rupee hurting the margins of exporters
- Slight decline in arrivals
- Expectation of lower production in Pakistan
- Good demand from stockists
- Shortage of quality seeds in the market

WEATHER IMPACT:

Weather is not much significant as harvest is almost over.

TECHNICALS:

Guar chart is displaying some recovery in the prices. There is a clear positive divergence between prices and MACD, which suggests that the prices should recover in conformity with the indicator. The prices have closed above short term EMA that also supports bulls. Stochastic has just entered in normal region from oversold region, which is a positive sign.

OUTLOOK: The prices are likely to see some more recovery.

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

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Jan.	1634	1646	1660	1686	1697
NCDEX Guar Gum Jan.	4110	4125	4160	4201	4220

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- January Guar Seed above 1654 with target of 1673 and then 1682. Stop loss at 1644.

BUY NCDEX- January Guar Gum above 4145 with target of 4180 and then 4190. Stop loss at 4125.

Do not carry forward the position until the next day.

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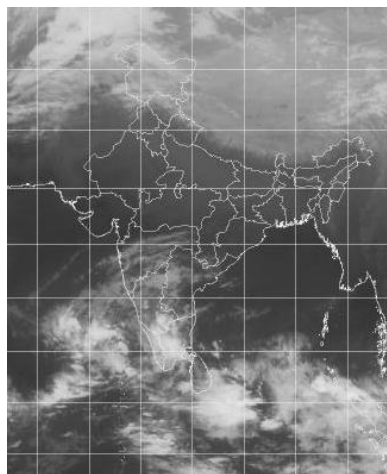
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.12.07	19.12.07	Change
Guar Seed	Bikaner	1580	1580	-
	Jodhpur	1680	1675-1680	-
	Nokha	1620	1610	+10
	Sri Ganganagar	1640	1530	+10
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	1646	1665	1638	1660	1648	+12
	January	1732	1754	1722	1747	1731	+16
	March	1771	1795	1764	1787	1771	+16
	April						
Guar Gum	January	4150	4180	4111	4160	4145	+15
	March	4325	4370	4300	4350	4310	+40
	April	4438	4455	4395	4440	4403	+37

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 20.12.07)**



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