

■ GUAR SEED

■ 11th Dec, 2007

SPOT MARKETS:

Guar traded range bound to slightly weak on the first trading day of the week amid healthy supplies and normal demand. Cloudy weather and likely rains in some parts of Rajasthan and Haryana had no major impact on the guar market as scattered rains is not likely to affect arrivals much according to the trade sources. Harvest is already completed in Haryana and northern Rajasthan where rains are expected. Guar markets are witnessing consistent arrivals to the tune of 40,000-45,000 bags, which are keeping the prices on the softer side. Meanwhile, exports of guar from the country are taking place at normal pace, except slight sluggishness on European shipments. As the European countries hardly accounts for 8% to 10% of the total guar exports from India, this temporary weakness in shipment to Europe is not likely to hamper the guar trade. Though some off-season premiums will be taken off by the strong domestic currency, there is still enough scope for the prices on higher side 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 volatile on the first trading day of the week with prices declining after initial firmness. The most active January Guar Seed contract opened weak at Rs.1688 per quintal and then prices surged to the highs of Rs 1702 per quintal before finally closing at Rs 1676 per quintal at a loss of Rs 14. Guar Gum futures also traded on similar lines. NCDEX January guar gum futures declined to the lows of Rs 4210 per quintal and closed at the day's low. The contract earlier touched the highs of Rs 4270 per quintal.

PRICE DRIVERS:

- Scattered rains expected in Haryana and Punjab may affect arrivals
- 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:

Scattered rains in Rajasthan and Haryana is not likely to affect arrivals much.

TECHNICALS:

Guar continues to trade sideways. Prices closed below short and medium term EMA's, which supports bears. MACD is rising in negative zone revealing decrease in bearish momentum. RSI is heading downward in normal region.

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.	1645	1659	1676	1703	1718
NCDEX Guar Gum Jan.	4149	4185	4210	4252	4293

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- January Guar Seed above 1667 with target of 1685 and then 1693. Stop loss below 1657.

BUY NCDEX- January Guar Gum above 4185 with target of 4230 and then 4250. Stop loss below 4160.

Do not carry forward the position until the next day.

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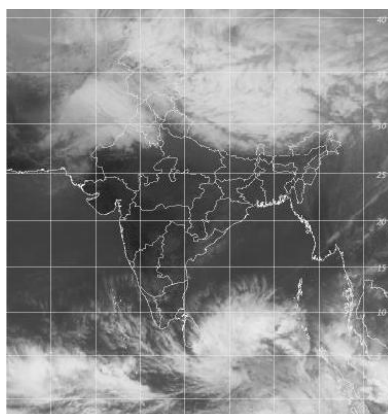
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	10.12.07	08.12.07	Change
Guar Seed	Bikaner	1590	1580-1585	+5
	Jodhpur	1680	1690	-10
	Nokha	1605-1610	1620	-10
	Sri Ganganagar	1540-1545	1545	-
Guar Gum	Jodhpur	4200	4225	-25

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	December	1650	1653	1628	1629	1643	-14
	January	1688	1702	1673	1676	1691	-15
	March	1775	1782	1752	1755	1773	-18
Guar Gum	December	4165	4165	4121	4121	4147	-26
	January	4270	4270	4210	4210	4243	-33
	March	4429	4429	4376	4376	4409	-33

SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 29.11.07)



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