

GUAR DAILY

April 21st, 2007

SPOT MARKETS:

Guar spot prices witnessed steady sentiment during the Friday's trade. The prices remained unchanged at the majority of markets on subdued trading activity. Millers, exporter and stockists activity remained subdued in the market. Strengthening in Rupees Vs Dollar further contributed to the weakness in the market, as it makes export expensive from India. Overall fundamental remains bullish in the market. Moreover, the IMD forecast the monsoon rains for June-September 2007 is likely to be 5% below the long-term average. Monsoon plays a key role in guar seed cultivation, which starts in June, as guar is a very rain sensitive crop. Thus, prices are expected to remain firm in coming days on the forecast of below average monsoon. Moreover, the price movement would also depend on 2nd forecast of monsoon by IMD, which is expected by May end/beginning June. Total arrival at the majority of markets reportedly stood steady at 4000-5000 bags.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures traded mostly bearish during Friday's session. The most active May contract opened weak at Rs 2071/mt, down Rs 5 against the previous close of Rs 2074/mt and traded upwards initially testing a high of Rs 2082/mt. However, futures traded downward thereafter on increased selling pressure and finally settled in the negative side. May contract moved in the range of Rs. 2050-2082/mt, while the April contract moved in the range of Rs. 1985-2015/mt. Guar gum April contract moved in the range of Rs. 4865-4945/mt and the May Contract traded in the range of Rs. 4990-5070/mt.

MCX Guar seed futures observed bearish trade on Friday. May contract opened steady at Rs 2075 and traded upwards initially testing a high of Rs 2079. However, futures traded downwards thereafter on increased selling pressure and finally settled in the negative side. May contract traded in the range of Rs 2052-2079. Volume declined significantly while open interest increased marginally.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Strengthening in Rupees Vs Dollar

Bullish:

3. Expectation of higher export order in near future
4. Increasing overseas demand
5. Lower stock position in Pakistan
6. Higher price in Pakistan
7. Lower arrivals in the market

WEATHER IMPACT:

Monsoon is expected 95% of LPA during 2007, and thus seems not worrying for Guar Seed production, provided it remains evenly distributed over the time and space in growing regions.

TECHNICALS:

Charts are hinting for slight weakness in the prices as depicted by close below short term EMAs. Stochastic is negative in normal region. MACD is dipping down in positive territory, which indicates fall in bullish momentum. Prices might extend the losses further.

OUTLOOK:

The Guar Seed futures are expected to trade with bearish inclination.

NCDEX Guar Seed May Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed May.	2018	2033	2056	2076	2093
NCDEX Guar Gum May.	4886	4909	4986	5052	5081
MCX Guar Seed May.	2025	2034	2058	2073	2087

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- May Guar Seed below 2055 with target of 2040 then 2030 Stop loss near 2065.

SELL NCDEX- May Guar Gum below 4982 with target of 4940 then 4910 Stop loss near 5010.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- May Guar Seed above 2063 with target of 2045 then 2135 Stop loss near 2075.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.04.07	19.04.07	Change
Guar Seed	Bikaner	1890	1890	-
	Jodhpur	2015	2015	-
	Nokha	1860	-	-
Guar Gum	Sriganganagar			
	Jodhpur	5000	5000	-

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