

GUAR DAILY

April 27th, 2007

SPOT MARKETS:

Guar spot market witnessed on an average steady sentiment. The prices of both guar seed and guar gum stood steady at majority of markets on subdued trading activity, while slight improvement in prices reported in Nokha markets on the back of some demand from millers. Some reports of stockists activity were also there. Continuing strength in Rupees Vs Dollar hurting export from India, as exporter are not taking any fresh export orders. Consequently millers' activity remains silent in the market. Thus, some further weakness in expected in the prices due to slowed down demand from exporter and millers. On other hand forecast of normal to better rains by overseas agencies imparted bearishness in the market. IMD predicted 95% normal monsoon with chances of 5% deficiency, which likely to impart bullishness in the market. However, the price movement would depend on the 2nd forecast by IMD, which expected after mid-May. Total arrival at the majority of markets reportedly stood in the range of around 4000-5000 bags. No arrivals reported in Bikaner, while Nokha markets received 300 bags.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed weak sentiment with bearish undertone. June contract opened weak at Rs 1941/qrtl, down Rs 3 against the previous close of Rs 1944/qrtl and traded upward initially testing a high of Rs 1956/qrtl. However, futures traded downward thereafter on increased selling pressure and settled the futures in the negative side. June contract traded in the range of Rs 1908-1956/qrtl and the May contract traded in the range of Rs. 1861-1907/qrtl. Guar gum May contract moved in the range of Rs. 4540-4645/qrtl and the June Contract traded in the range of Rs. 4634-4735/qrtl.

MCX Guar seed futures observed weak sentiment with bearish undertone. June contract opened slightly firm at Rs 1940.00 against the previous close of Rs 1938.50 and traded upward initially testing a high of RS 1954.00. However, futures traded downward thereafter on increased selling pressure and finally settled in the negative side. June contract traded in the range of Rs 1910.00-1954.00/qrtl while May contract fluctuated in the range of Rs 1865.00-1906.00/qrtl. Volume increased significantly while open interest declined marginally.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Strengthening in Rupees Vs Dollar
3. Lower demand from exporters & millers

Bullish:

4. Expectation of higher export order in near future
5. IMD predicted 5% below average monsoon
6. Increasing overseas demand
7. Lower stock & higher prices in Pakistan
8. Lower arrivals in the market

WEATHER IMPACT:

Conflicting weather reports from IMD and foreign sources. IMD sees 5% lower rains, while others see normal or excess rains.

TECHNICALS:

Candlestick chart pattern exhibits bearish sentiment and weakness in prices. Stochastic is moving slightly upward while RSI is moving downward in oversold region. MACD is moving downward in negative region, which shows increase in bearish momentum. Closing price is below the short term EMA that indicates short-term weakness. The market is expected to trade downwards following steady to slightly firm opening with possibility of slight late upward movement.

OUTLOOK:

Guar seed futures are expected to trade downwards following a steady to slightly firm opening

NCDEX Guar Seed June Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed June.	1860	1865	1915	1947	1955
NCDEX Guar Gum June.	4574	4581	4645	4673	4691
MCX Guar Seed June.	1865	1875	1912	1931	1940

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- June Guar Seed below 1922 with target of 1897 then 1882 Stop loss near 1935.

SELL NCDEX- June Guar Gum below 4655 with target of 4621 then 4600 Stop loss near 4672.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- June Guar Seed below 1919 with target of 1899 then 1887 Stop loss near 1929.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	26.04.07	25.04.07	Change
Guar Seed	Bikaner	1760	1760	-
	Jodhpur	1870	1870	-
	Nokha	1760	1740	+20
Guar Gum	Sriganganagar			
	Jodhpur	4670	4670	-

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