

GUAR DAILY

26th May 2007

SPOT MARKETS:

Guar seed and guar gum prices eased at the majority of markets on weak physical demand against ample stock situation. All the fundamentals remained weak in the market with some reports of desperate selling by stockists. Overall arrivals reportedly stood at around 4000-4500 bags, mainly from stockists. Bikaner and Nokha experienced no arrivals during the Friday's trade. Further, India Meteorological Department on May 23rd revised its forecast for the arrival of monsoon. It has announced that the rains are unlikely to hit Kerala in 3-4 days, against earlier forecast that SW monsoon will hit the state on May 24. Thus, market is expected to move on news of monsoon progress till early June. And it is advisable to keep a close look over the monsoon progress. Meanwhile, IMD predicted for further rainfall over NW India in next 3-4 days under the influence of persistent western disturbance, which likely to impart some bearishness in coming days.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bearish undertone. July contract opened slightly firm at Rs 1792, up Rs 1 against the previous close of Rs 1791 and traded up initially testing a high of Rs 1810. However, prices tumbled thereafter erasing the initial gains and settled in the negative side. July contract traded in the range of Rs 1764-1810/mt and June contract traded in the range of Rs 1730-1771/mt. In July contract volume increased marginally while open interest declined marginally. Guar gum June contract hovered in the range of Rs 4370-4470/mt and July contract traded in the range of Rs 4456-4545/mt.

MCX Guar seed futures witnessed narrow range bound trade with bearish undertone. The most active July contract opened firm at Rs 1774.0 against the previous close of Rs 1772.0 and traded up initially testing a high of Rs 1788.0. However, prices tumbled thereafter erasing the early gains and settled red. July contract traded in the range of Rs 1745.00-1788.00/mt and June contract traded in the range of Rs 1706.00-1742.00/mt.

PRICE DRIVERS:

1. Recent rains over NW part favorable for guar
2. Weak demand from exporters
3. Subdued demand from millers
4. Expectation of early & normal monsoon
5. Appreciation of rupee against dollar
6. Ample stock position in the market
7. Lower stock & higher prices in Pakistan

WEATHER IMPACT:

Conflicting weather reports from IMD and foreign sources. IMD sees 5% lower rains, while others see normal or excess rains. However, recent rainfall over North West part of India favors early sowing of guar.

TECHNICALS:

Candlestick chart pattern shows weakness in market. Closing price is below the short term EMAs. Stochastic is moving up in neutral region indicating firmness in market while RSI is moving slightly down in neutral region. MACD is moving upward in negative region which shows decrease in bearish momentum. Market is expected to trade up initially following steady to slightly firm opening with possibility of late downward movement.

OUTLOOK:

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

NCDEX Guar Seed July Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed July.	1776	1781	1773	1831	1837
NCDEX Guar Gum July.	4477	4487	4475	4556	4568
MCX Guar Seed July.	1745	1754	1754	1811	1827

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- July Guar Seed above 1790 with target of 1810 then 1820 Stop loss near 1780.

BUY NCDEX- July Guar Gum above 4500 with target of 4530 then 4545 Stop loss near 4485.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- July Guar Seed above 1766 with target of 1788 then 1798 Stop loss near 1755.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	25.05.07	24.05.07	Change
Guar Seed	Bikaner	1735	1735	-
	Jodhpur	1820	1820	-
	Nokha	1650	1650	-
Guar Gum	Sriganganagar			
	Jodhpur	4450	4450	-

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