

GUAR DAILY

22nd May 2007

SPOT MARKETS:

Amidst talks of delay in monsoon in the market the prices of both guar seed and guar gum recovered at the majority of markets. Millers and stockists remained active in the market. As per market sources exporters were also remain active to build up their inventories at prevailing prices that touched the bottom level. As well as current prices has given an opportunity of exports besides the weakness in dollar these days. Consequently, arrivals also improved in the market. Total arrivals at the majority of markets reported at 4500-5000 bags. Nokha experienced the arrival of 300-350 bags and Bikaner witnessed the arrivals of 150-200 bags. Moreover, firmness in futures market aid support to the spot market. Thus, slight recovery is expected in the prices in coming days. However, considering the huge stock position in the market coupled with continuing western disturbances would restrict the upward movement in medium term.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed firm sentiment with bullish tone. July contract opened slightly firm at Rs 1782, down Rs 1 against the previous close of Rs 1783 and traded down initially testing a low of Rs 1774. However, prices recovered thereafter on renewed buying interest and managed to settle in the positive side. July contract traded in the range of Rs 1774-1863/qrtl and June contract traded in the range of Rs 1739-1822/qrtl. In July contract volume increased significantly while open interest declined significantly. Guar gum June contract hovered in the range of Rs.4365-4560/qrtl and July contract traded in the range of Rs 4450-4656.

MCX Guar seed futures witnessed firm sentiment with bullish tone. The most active July contract opened weak at Rs 1768.0 against the previous close of Rs 1776.0 and traded down initially testing a low of Rs 1766.0. However, prices recovered on renewed buying interest and profit booking and managed to settle in the positive side. July contract traded in the range of Rs 1766.00-1847.00/qrtl with increasing volume and declining open interest.

PRICE DRIVERS:

Bearish:

1. Recent rainfall over north western part favorable for guar
2. Subdued demand from exporters and millers
3. Expectation of early & normal monsoon

Bullish:

4. Expectation of higher export order in near future
5. 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 indicates selling pressure at higher level, which reflects in the long upper shadow of the candlestick. Stochastic is moving slightly upward in oversold region while RSI is moving up in the neutral region. MACD hints for recovery while EMA indicates for further weakness. Market is expected to trade down following steady to slightly firm opening.

OUTLOOK:

Guar seed futures are expected to trade downwards 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.	1768	1775	1816	1830	1837
NCDEX Guar Gum June.	4500	4510	4559	4600	4616
MCX Guar Seed June.	1750	1762	1800	1831	1848

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- July Guar Seed below 1822 with target of 1797 then 1782 Stop loss near 1835.

SELL NCDEX- July Guar Gum below 4585 with target of 4550 then 4528 Stop loss near 4603.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- July Guar Seed below 1817 with target of 1788 then 1777 Stop loss near 1832.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	21.05.07	19.05.07	Change
Guar Seed	Bikaner	1760	1750	+10
	Jodhpur	1900	1840	+60
	Nokha	1710	1650	+60
Guar Gum	Sriganganagar			
	Jodhpur	4575	4475	+100

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