

GUAR DAILY

May 17th, 2007

SPOT MARKETS:

Amidst subdued demand against restricted arrivals the prices of both guar seed and guar gum remained unchanged at the majority of markets. Millers and exporters activity remained subdued in the market. Stockists activity also remained silent or absent in the market. Total arrivals at the majority of markets reportedly stood at 4000 bags with no arrivals reported at Bikaner and Nokha. Further, taking into account the prevailing prices of guar seed in the spot market, millers/processors are not interested to buy seed because at current prices there is no price parity and they have to bear losses. At current prices their margin stands in the negative side at -33.59/qlt. Thus, there may be possibility that the spot prices of guar seed may come down further.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed weak sentiment with bearish undertone. June contract opened firm at Rs 1793/qlt; up Rs 4 the previous close of Rs 1789/qlt and traded up initially testing a high of Rs 1815/qlt. However, prices skid thereafter on increased selling pressure and finally settled at negative side. June contract traded in the range of Rs 1756-1815/qlt and the May contract traded in the range of Rs. 1716-1761/qlt. Guar gum May contract hovered in the range of Rs.4340-4445/qlt and the June contract hovered in the range of Rs.4425-4543/qlt. Volume increased significantly while open interest declined significantly.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. June contract opened firm at Rs 1774.00 against the previous close of Rs 1771.00 and traded up initially testing a high of Rs 1796.00. However, prices skid thereafter on some selling pressure and settled in the negative side. June contract traded in the range of Rs 1738.00-1796.00/qlt and May contract fluctuated in the range of Rs 1720.00-1749.00/qlt.

PRICE DRIVERS:

Bearish:

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

Bullish:

4. Expectation of higher export order in near future
5. Good overseas demand
6. 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 char pattern exhibits bearish sentiment and weakness in prices. Stochastic has made bearish cross over in neutral region and RSI is moving down in neutral region. MACD is slightly moving down in negative region, which shows. Closing price is below the short-term EMAs. 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 June Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed June.	1700	1710	1757	1778	1787
NCDEX Guar Gum June.	4360	4372	4425	4464	4480
MCX Guar Seed June.	1700	1710	1738	1760	1772

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- June Guar Seed below 1768 with target of 1738 then 1723 Stop loss near 1783.

SELL NCDEX- June Guar Gum below 4447 with target of 4407 then 4387 Stop loss near 4467.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- June Guar Seed below 1747 with target of 1727 then 1717 Stop loss near 1757.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	16.05.07	15.05.07	Change
Guar Seed	Bikaner	1750	1750	-
	Jodhpur	1860	1860	-
	Nokha	1660	1660	-
Guar Gum	Sriganganagar			-
	Jodhpur	4550	4550	-

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