

GUAR DAILY

May 12th, 2007

SPOT MARKETS:

Guar spot market witnessed steady sentiment during the Friday's trade. The prices of both guar seed and guar gum stood steady at the majority of markets on subdued trading activity against steady arrivals. Slight demand from exporters observed during the Friday's trade on the back of some improvement in dollar. Arrivals at the majority of markets reportedly stood steady at 4000-4500 bags with no arrivals reported in Bikaner, whereas Nokha received arrival of 100-150 bags. Prices are likely to improve in short run if export activity improves further. Meanwhile, IMD announced the progress of monsoon over parts of kerala soon, as the conditions are favourable for onset of southwest monsoon over the parts of southeast Bay of Bengal and south Andaman Sea. Thus expectation of early monsoon would likely to add bearish tone in the market, as it is favourable for the early sowing, yield and productivity of guar.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed firm sentiment with bullish tone. June contract opened firm at Rs 1801/mt; up Rs 2 the previous close of Rs 1779/mt and traded down initially testing a low of Rs 1777/mt. However, Prices recovered thereafter on buying interest and settled in the positive side. June contract traded in the range of Rs 1777-1836/mt and the May contract traded in the range of Rs. 1737-1784/mt. Guar gum May contract moved in the range of Rs. 4380-4485/mt and the June Contract traded in the range of Rs.4450-4585/mt. Both the volume and open interest declined significantly.

MCX Guar seed futures traded firm following a weak opening. June contract opened slightly weak at Rs 1772.50 against the previous close of Rs 1773.50 and traded down initially testing a low of Rs 1758.00. However, futures recovered thereafter on buying interest and settle at positive side. June contract traded in the range of Rs 1758.00-1813.00/mt and May contract fluctuated in the range of Rs 1722.00-1759.00/mt.

PRICE DRIVERS:

Bearish:

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

Bullish:

4. Expectation of higher export order in near future
5. Good overseas demand
6. Lower stock & higher prices in Pakistan
7. Slight improvement in dollar

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 exhibit bullish sentiment and firmness in market. Stochastic and RSI is moving up in over sold region, which shows recovery. MACD is moving up in negative region. Closing price is just below the short-term EMAs. Market is expected to trade up following steady to slightly firm opening.

OUTLOOK:

Guar seed futures are expected to trade upwards 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.	1815	1829	1825	1913	1929
NCDEX Guar Gum June.	4526	4562	4560	4691	4722
MCX Guar Seed June.	1790	1800	1805	1873	1890

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- June Guar Seed above 1843 with target of 1873 then 1888 Stop loss near 1828.

BUY NCDEX- June Guar Gum above 4596 with target of 4636 then 4656 Stop loss near 4576.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- June Guar Seed above 1820 with target of 1840 then 1855 Stop loss near 1810.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	11.05.07	10.05.07	Change
Guar Seed	Bikaner	1750-60	1750-60	-
	Jodhpur	1870	1870	-
	Nokha	1660-70	1660-70	-
Guar Gum	Sriganganagar			-
	Jodhpur	4550	4550	-

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