

May 2nd, 2007

GUAR DAILY

SPOT MARKETS:

The prices of both guar seed and guar gum stood steady at the majority of markets on subdued trading activity, while guar seed prices at Jodhpur market improved slightly on some demand from millers against weak arrivals. Market sources reported that some demand from millers is in the market and on the other hand stockists were not interested to release their stock at lower prices. Consequently arrivals declined in the market and stood at 4000-4500 bags during the Tuesday's trade. No arrivals reported in Bikaner and Nokha markets. Exporters demand remained silent in the market. Slight improvement in prices expected in coming days due to holding back of stocks by stockists in anticipation of higher prices. However, no major uptrend is expected in prices unless export activity revives.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bearish undertone. June contract opened at its previous close of Rs 1925/mtl, and traded upward initially testing a high of Rs 1928/mtl. However, futures traded downward thereafter on selling pressure and finally settled in the negative side. June contract traded in the range of Rs 1899-1928/mtl and the May contract traded in the range of Rs. 1850-1867/mtl. Guar gum May contract moved in the range of Rs. 4570-4610/mtl and the June Contract traded in the range of Rs.4660-4720/mtl. Volume and open interest both declined significantly.

MCX Guar seed futures observed narrow range bound trade with bearish undertone. June contract opened weak at Rs 1916.00 against the previous close of Rs 1918.00 and traded upward initially testing a high of Rs 1917.00. However, futures traded downward thereafter on selling pressure and settled in the negative side. June contract traded in the range of Rs 1901-1917/mtl and May contract fluctuated in the range of Rs 1850.00-1870.00/mtl. Volume increased significantly while open interest increased 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

Bullish:

4. Expectation of higher export order in near future
5. IMD predicted 5% below average monsoon
6. Lower stock & higher prices in Pakistan
7. 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 exhibit bearish sentiment and weakness in prices. Stochastic is moving sideways in over sold region while RSI is dipping in oversold region. MACD is moving downward in negative region, which shows increase in bearishness. 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.

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.	1845	1858	1900	1921	1935
NCDEX Guar Gum June.	4570	4594	4667	4703	4739
MCX Guar Seed June.	1840	1857	1900	1921	1932

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- June Guar Seed below 1908 with target of 1883 then 1868 Stop loss near 1921.

SELL NCDEX- June Guar Gum below 4685 with target of 4640 then 4615 Stop loss near 4708.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- June Guar Seed above 1905 with target of 1885 then 1870 Stop loss near 1915.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	01.05.07	30.04.07	Change
Guar Seed	Bikaner	1770	1770	-
	Jodhpur	1930	1900	+30
	Nokha	1750	1750	-
Guar Gum	Sriganganagar			
	Jodhpur	4700	4700	-

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