

GUAR DAILY

May 15th, 2007

SPOT MARKETS:

The spot market prices of both guar seed and guar gum eased at the majority of markets amidst weak physical demand against ample stock position in the market. Exporters, millers and stockists activity remained silent or absent in the market. Consequently, arrivals declined at the majority of markets and stood at around 4000 bags. Bikaner and Nokha markets experienced no arrivals. Further, fears of early and normal monsoon contributing to the bearishness in the market, as it is favorable for guar cultivation, yield and productivity. Meanwhile, IMD announced the progress of monsoon over the parts of Kerala likely to be on May 24. Moreover, the dollar which improved recently has eased yet again making export uneconomical. Thus, prices are expected to remain steady to slightly week in short run. However, some improvement is expected if export activity improves.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bearish undertone. June contract opened weak at Rs 1797/qrtl; down Rs 8 the previous close of Rs 1805/qrtl and traded up initially testing a high of Rs 1813/qrtl. However, prices slipped thereafter erasing the initial gains and settled in the negative side. June contract traded in the range of Rs 1784-1813/qrtl and the May contract traded in the range of Rs. 1736-1763/qrtl. Guar gum May contract moved in the range of Rs. 4375-4429/qrtl and the June Contract traded in the range of Rs.4469-4525/qrtl. Volume increased significantly while open interest declined significantly.

MCX Guar seed futures witnessed narrow range bound trade with bearish undertone. June contract opened firm at Rs 1771.00 against the previous close of Rs 1779.50 and traded up initially testing a high of Rs 1789.00. However, prices slipped thereafter erasing the initial gains and settled in the negative territory. June contract traded in the range of Rs 1765.00-1789.00/qrtl and May contract fluctuated in the range of Rs 1725.00-1735.00/qrtl. Volume increased significantly while open interest increased marginally.

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
4. Strengthening rupee against dollar

Bullish:

5. Expectation of higher export order in near future
6. Good overseas demand
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 exhibit bearish sentiment. Stochastic is moving up in neutral region while RSI is moving down in neutral region. Stochastic shows sign of recovery. MACD is moving up in negative region, which shows decrease in bearish momentum. Closing price is 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.	1790	1799	1792	1862	1873
NCDEX Guar Gum June.	4466	4478	4488	4563	4579
MCX Guar Seed June.	1755	1765	1770	1818	1830

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- June Guar Seed above 1810 with target of 1830 then 1840 Stop loss near 1800.

BUY NCDEX- June Guar Gum above 4494 with target of 4530 then 4549 Stop loss near 4476.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- June Guar Seed above 1777 with target of 1797 then 1807 Stop loss near 1767.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	14.05.07	12.05.07	
Guar Seed	Bikaner	1750	1760	-10
	Jodhpur	1860	1870	-10
	Nokha	1660	1670	-10
Guar Gum	Sriganganagar			
	Jodhpur	4530	4550	-20

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