

GUAR DAILY

May 8th, 2007

SPOT MARKETS:

Amid weak demand from millers and exporters and ample stock position in the market the prices of both guar seed and guar gum declined sharply at the majority of markets. Rainfall over Haryana on 6th May further contributed bearish tone in the market, as these pre-monsoon rains are favorable for guar cultivation, yield and productivity. Millers and exporters activity remained silent in the market. Consequently arrivals declined in the market. No arrivals reported in Bikaner and Nokha and overall arrivals stood at 4000 bags at the majority of markets. Moreover, some reports of desperate selling by stockists reportedly in the market, which further added bearishness in the market. Thus, prices are expected to remain steady to weak in coming days. However, improvement is expected if export activity improves in the market.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed weak sentiment with bearish undertone. June contract opened weak at Rs 1839/mtl; down Rs 4 the previous close of Rs 1843/mtl. Prices tumbled thereafter on increased selling pressure and settled the futures in negative territory. June contract traded in the range of Rs 1766-1839/mtl and the May contract traded in the range of Rs. 1726-1790/mtl. Guar gum May contract moved in the range of Rs. 4340-4450/mtl and the June Contract traded in the range of Rs.4413-4577/mtl. Both the volume and open interest increased significantly.

MCX Guar seed futures observed weak sentiment with bearish undertone. June contract opened weak at Rs 1813.00 against the previous close of Rs 1839.00 and traded up initially testing a high of Rs 1818.00. However, futures tumbled thereafter on increased selling pressure and settled red. June contract traded in the range of Rs 1760.00-1818.00/mtl and May contract fluctuated in the range of Rs 1711.00-1757.00/mtl. Volume increased significantly while open interest declined marginally.

PRICE DRIVERS:

Bearish:

1. Recent rainfall over north western part favorable of guar
2. Strengthening in Rupee affects export activity
3. Lower demand from exporters and millers

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 Western part of India favors early sowing of guar.

TECHNICALS:

Candlestick chart pattern exhibit bearish sentiment and weakness in prices. Stochastic has made bullish cross over in over sold region while RSI is moving down in over sold region. MACD and EMA indicate a strong bearish trend. Market is expected to trade downward 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.	1730	1738	1781	1808	1819
NCDEX Guar Gum June.	4380	4400	4470	4505	4530
MCX Guar Seed June.	1720	1730	1770	1790	1800

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- June Guar Seed below 1790 with target of 1765 then 1750 Stop loss near 1803.

SELL NCDEX- June Guar Gum below 4482 with target of 4442 then 4422 Stop loss near 4502.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- June Guar Seed below 1777 with target of 1757 then 1742 Stop loss near 1787.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	07.05.07	05.05.07	Change
Guar Seed	Bikaner	1700	1750	-50
	Jodhpur	1825	1900	-75
	Nokha	1650	1670	-20
Guar Gum	Sriganganagar			
	Jodhpur	4550	4700	-150

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