

GUAR DAILY

May 5th, 2007

SPOT MARKETS:

The prices of both guar seed and guar gum stood steady at the majority of markets amidst subdued trading activity against ample stock position in the market, while prices eased at Nokha markets on weak physical demand. Exporters and millers activity remained silent in the market with some reports of desperate selling by stockists to offload their existing stock with a view to build up fresh stocks in coming season at lower prices. Further, recent rainfall in North Western part of India is favourable for the cultivation of guar. Consequently production is also expected to increase, which impart bearishness in medium to long term. Moreover, weakness in dollar also affecting exports activity. Thus, prices are expected to remain steady to slightly weak in coming days due to weak demand. Overall arrivals stood at 4000-4500 bags with no arrivals reported in Bikaner and Nokha market.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bullish tone. June contract opened weak at Rs 1822/qrtl, down Rs 5 against the previous close of Rs 1827/qrtl and traded down initially testing a low of Rs 1818/qrtl. However, futures recovered on buying interest and settled in the positive side. June contract traded in the range of Rs 1818-1855/qrtl and the May contract traded in the range of Rs. 1776-1806/qrtl. Guar gum May contract moved in the range of Rs. 4420-4500/qrtl and the June Contract traded in the range of Rs.4505-4599/qrtl. Volume declined sharply while open interest increased significantly.

MCX Guar seed futures observed narrow range bound trade with bullish tone. June contract opened weak at Rs 1823.00 against the previous close of Rs 1827.50 and traded down initially testing a low of Rs 1818.50. However, futures traded upward thereafter on buying support and settled in the positive side. June contract traded in the range of Rs 1818.50-1847.00/qrtl and May contract fluctuated in the range of Rs 1765.00-1791.50/qrtl. Volume declined significantly while open interest increased 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.

TECHNICALS:

Candlestick chart pattern exhibit bullish sentiment and firmness in prices. Stochastic and RSI are moving slightly upward in over sold region, which offers hope for a bounce back. MACD is moving slightly upward in negative region. Closing price is below the short-term EMAs. Market is expected to trade upward 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.	1837	1853	1854	1928	1945
NCDEX Guar Gum June.	4568	4592	4580	4687	4705
MCX Guar Seed June.	1828	1840	1842.5	1893	1905

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- June Guar Seed above 1871 with target of 1891 then 1911 Stop loss near 1861.

BUY NCDEX- June Guar Gum below 4612 with target of 4648 then 4669 Stop loss near 4594.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- June Guar Seed above 1852 with target of 1872 then 1882 Stop loss near 1842.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.05.07	03.05.07	Change
Guar Seed	Bikaner	1730	1730	-
	Jodhpur	1900	1900	-
	Nokha	1670	1690	-20
Guar Gum	Sriganganagar			
	Jodhpur	4700	4700	-

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