

## GUAR DAILY

May 10th, 2007

### SPOT MARKETS:

The prices of guar seed quoted slightly higher at the majority of markets on some buying support from processors against restricted arrivals, while prices of guar gum quoted down at Jodhpur market on weak demand from exporters. Total arrivals at the major market reportedly stood at 4000-4500 bags with no arrivals reported at Bikaner and Nokha. According to IMD, conditions are favourable for onset of southwest monsoon over the parts of southeast Bay of Bengal and south Andaman Sea. It also announced the progress of monsoon over parts of Kerala by next week. The southwest monsoon accounts for about 80% of total rains and is crucial for Indian Agriculture. Thus expectation of early monsoon would likely to add bearishness 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 narrow range bound trade with slightly bullish tone. June contract opened weak at Rs 1760/mt; down Rs 3 the previous close of Rs 1763/mt and traded down initially testing a low of Rs 1745/mt. However, Prices traded up thereafter on some buying interest and settled in the positive side. June contract traded in the range of Rs 1745-1797/mt and the May contract traded in the range of Rs. 1702-1751/mt. Guar gum May contract moved in the range of Rs. 4250-4415/mt and the June Contract traded in the range of Rs.4356-4498/mt. Volume increased significantly while open interest declined significantly.

MCX Guar seed futures observed firm sentiment with bullish tone. June contract opened firm at Rs 1754.00 against the previous close of Rs 1752.00 and traded down initially testing a low of Rs 1733.00. However, futures recovered thereafter on buying support and managed to settle in the positive side. June contract traded in the range of Rs 1733.00-1772.00/mt and May contract fluctuated in the range of Rs 1690.00-1739.00/mt.

### PRICE DRIVERS:

#### Bearish:

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

#### 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 bullish sentiment and firmness in market. Stochastic has made a bearish crossover in over sold region. MACD and RSI are moving upward in over sold region. Closing price is far below the short-term EMAs that indicate short-term bearishness. Market is expected to trade down following steady to slightly firm opening with possibility of early upward movement.

### 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.	1732	1745	1786	1807	1815
NCDEX Guar Gum June.	4420	4430	4479	4412	4421
MCX Guar Seed June.	1710	1725	1760.5	1777	1787

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**SELL** NCDEX- June Guar Seed below 1797 with target of 1767 then 1753 Stop loss near 1812.

**SELL** NCDEX- June Guar Gum below 4500 with target of 4460 then 4440 Stop loss near 4520.

Do not carry forward the position until the next day.

### INTRADAY TRADE RECOMMENDATION (MCX):

**SELL** MCX- June Guar Seed below 1772 with target of 1747 then 1737 Stop loss near 1785.

Do not carry forward the position until the next day.

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	09.05.07	08.05.07	Change
Guar Seed	Bikaner	1730	1700	+30
	Jodhpur	1850	1840	+10
	Nokha	1655	1650	+5
Guar Gum	Sriganganagar			
	Jodhpur	4525	4550	-25

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