

GUAR DAILY

30th May 2007

SPOT MARKETS:

Guar seed and guar gum prices remained unchanged during the Tuesday's trade at most of the major markets on subdued trading activity. Demand from millers remained subdued in the market whereas some demand from exporters reported at lower price levels. Sources reported that the exporters finalised some export order with China. Also there were some reports of desperate selling buy traders due to the fears of normal to better monsoon this year, as it favors guar cultivation, yield and acreage. Total arrivals at the majority of markets reportedly stood at 4000-4500 bags with no arrivals reported at Bikaner and Nokha. Further, keep a close look over the monsoon progress as the price movement of guar in spot and futures market depends on the monsoon progress.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bearish undertone. July contract opened weak at Rs 1784, down Rs 2 against the previous close of Rs 1786 and traded up initially testing a high of Rs 1793. However, prices tumbled thereafter on selling pressure and settled in the negative side. July contract traded in the range of Rs 1768-1793/qrt and June contract traded in the range of Rs 1736-1755/qrt. In July contract both volume and open interest declined. Guar gum June contract hovered in the range of Rs.4385-4423/qrt and July contract traded in the range of Rs 4469-4509/qrt.

MCX Guar seed futures witnessed narrow range bound trade with slightly bearish undertone. The most active July contract opened weak at Rs 1764.0 against the previous close of Rs 1767.0 and traded up initially testing a high of Rs 1770.0. However, futures traded down thereafter on selling pressure and settled in the negative side. July contract traded in the range of Rs 1751.00-1770.00/qrt and June contract traded in the range of Rs 1713.00-1729.00/qrt.

PRICE DRIVERS:

1. Recent rains over NW part favorable for guar
2. Some demand from exporters & millers
3. Expectation of normal to better monsoon
4. Appreciation of rupee against dollar
5. Ample stock position in the market
6. Lower stock & higher prices in Pakistan

WEATHER IMPACT:

Keep a close look on monsoon progress as guar prices are sensitive to monsoon. If monsoon shows exceptionally good progress, guar prices might slump further.

TECHNICALS:

Candlestick chart pattern shows weakness in market. Closing price is below the short term EMAs which indicates weakness in short-term. MACD is rising in negative region. Stochastic is moving flat in the negative region while RSI is moving down in neutral region. Market is expected to trade down following steady to slightly firm opening with possibility of late upward movement.

OUTLOOK:

Guar seed futures are expected to trade downwards initially following a steady to slightly firm opening

NCDEX Guar Seed July Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed July.	1738	1746	1777	1790	1800
NCDEX Guar Gum July.	4426	4435	4485	4500	4511
MCX Guar Seed July.	1707	1718	1755	1768	1775

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- July Guar Seed below 1782 with target of 1762 then 1752 Stop loss near 1792.

SELL NCDEX- July Guar Gum below 4491 with target of 4461 then 4446 Stop loss near 4506.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- July Guar Seed above 1758 with target of 1738 then 1728 Stop loss near 1768.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	29.05.07	28.05.07	Change
Guar Seed	Bikaner	1740	1740	-
	Jodhpur	1840	1840	-
	Nokha	1655	1655	-
Guar Gum	Sriganganagar			
	Jodhpur	4500	4500	-

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