

GUAR DAILY

May 9th, 2007

SPOT MARKETS:

The prices of both guar seed and guar gum remained unmoved at the majority of markets on subdued trading activity, while guar seed prices at Jodhpur market improved slightly on some demand against weak arrivals. Total arrival at the major markets stood at 4000 bags with no arrivals reported in Bikaner and Nokha. As per the data available with APEDA, total export during 2005-06 financial year was 1,86,530 tonnes and due to higher production this year exporters are expecting higher exports of around 2,10,000 tonnes this year. However, recent weakness in dollar affected the export activity and consequently exports slow down from the country due to unwillingness among the exporters to take any fresh orders. Further, fears of early arrival of monsoon due to the recent rains over the north part of the country coupled with ample stock position in the market imparting bearishness. Thus, prices are expected to remain in the lower side in short run on selling pressure and on expectation of normal and early monsoon. 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 firm at Rs 1780/mt; up Rs 2 the previous close of Rs 1778/mt and traded up initially testing a high of Rs 1797/mt. However, Prices traded down on increased selling pressure and settled in negative territory. June contract traded in the range of Rs 1759-1797/mt and the May contract traded in the range of Rs. 1718-1756/mt. Guar gum May contract moved in the range of Rs. 4360-4439/mt and the June Contract traded in the range of Rs.4441-4505/mt. Volume declined significantly while open interest increased marginally.

MCX Guar seed futures observed weak sentiment with bearish undertone. June contract opened firm at Rs 1774.00 against the previous close of Rs 1769.00 and traded up initially testing a high of Rs 1786.00. However, futures tumbled thereafter on increased selling pressure and settled red. June contract traded in the range of Rs 1754.00-1786.00/mt and May contract fluctuated in the range of Rs 1702.00-1737.00/mt. Volume and open interest both declined marginally.

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

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 West part of India favors early sowing of guar.

TECHNICALS:

Candlestick chart pattern exhibit bearish sentiment and weakness in prices. Stochastic and RSI is moving downward 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.	1710	1720	1759	1780	1790
NCDEX Guar Gum June.	4370	4380	4435	4475	4489
MCX Guar Seed June.	1710	1720	1751	1777	1787

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- June Guar Seed below 1770 with target of 1745 then 1730 Stop loss near 1783.

SELL NCDEX- June Guar Gum below 4450 with target of 4415 then 4395 Stop loss near 4468.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- June Guar Seed below 1763 with target of 1743 then 1733 Stop loss near 1773.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	08.05.07	07.05.07	Change
Guar Seed	Bikaner	1700	1700	-
	Jodhpur	1840	1825	+15
	Nokha	1650	1650	-
Guar Gum	Sriganganagar			
	Jodhpur	4550	4550	-

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