

GUAR DAILY

24th May 2007

SPOT MARKETS:

The prices of both guar seed and guar gum eased further at most of the major markets on lack of buying support against ample stock situation in the market. Demand from millers and exporters remains subdued or absent in the market. Sources reported that due to expectation of normal monsoon and bumper production this year, traders are liquidating their inventories, which heavily weighing on prices. However, there may be possibility that the farmers may divert their field for other lucrative crops due to recent skid in guar prices coupled with recent rains over NW part, which may impart bullish tone in medium term. Further, the delivery of guar seed and guar gum are suspended with immediate effect in NCDEX warehouse of Total Logistics (India) Pvt. Ltd. at Jodhpur due to accidental fire. No deliveries would be made from this warehouse before re-assaying of the goods. Total arrivals at the majority of markets reported at 4500-5000 bags with no arrivals reported in Bikaner whereas Nokha experienced the arrival of 150-200 bags.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bullish tone. July contract opened weak at Rs 1759, down Rs 4 against the previous close of Rs 1763 and traded down in the early hours to test a low of Rs 1745. However, prices recovered slightly thereafter on some renewed buying interest and settled in the positive side. July contract traded in the range of Rs 1745-1789/qrt and June contract traded in the range of Rs 1712-1752/qrt. In July contract volume declined significantly while open interest declined marginally. Guar gum June contract hovered in the range of Rs.4321-4420/qrt and July contract traded in the range of Rs 4415-4518/qrt.

MCX Guar seed futures witnessed narrow range bound trade with bullish tone. The most active July contract opened weak at Rs 1742.0 against the previous close of Rs 1744.0 and traded down initially testing a low of Rs 1732.0. However, prices recovered thereafter on renewed buying interest and managed to settle in the positive side. July contract traded in the range of Rs 1732.00-1784.00/qrt and June contract traded in the range of Rs 1690.00-1725.00/qrt.

PRICE DRIVERS:

Bearish:

1. Recent rains over NW part favorable for guar
2. Weak demand from exporters and millers
3. Expectation of early & normal monsoon
4. Appreciation of rupee against dollar
5. Ample stock position in the market

Bullish:

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 shows firmness in market. Stochastic is moving up following a bullish cross over and RSI is moving up in neutral region. MACD favours for the bulls. Prices closed below the short term EMAs. Market is expected to trade up following steady to slightly firm opening with possibility of late downward movement.

OUTLOOK:

Guar seed futures are expected to trade upwards 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.	1783	1791	1793	1840	1848
NCDEX Guar Gum July.	4500	4520	4517	4592	4603
MCX Guar Seed July.	1749	1760	1770	1825	1843

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- July Guar Seed above 1802 with target of 1822 then 1832 Stop loss near 1791.

BUY NCDEX- July Guar Gum above 4531 with target of 4561 then 4576 Stop loss near 4516.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- July Guar Seed above 1782 with target of 1802 then 1812 Stop loss near 1772.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	23.05.07	22.05.07	Change
Guar Seed	Bikaner	1725	1740	-15
	Jodhpur	1800	1840	-40
	Nokha	1640	1650	-10
Guar Gum	Sriganganagar			
	Jodhpur	4400	4450	-50

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