

GUAR DAILY

May 16th, 2007

SPOT MARKETS:

The spot market prices of guar seed stood steady at most of the major markets on subdued trading activity, while guar gum prices improved slightly at Jodhpur market on some demand from exporters. Slight improvement in dollar motivated exporters to remain active in the market. Millers and stockists activity remained subdued in the market. Thus, some improvement is expected in prices in short run if dollar improves further. Taking into account recent rains over north western part and prediction of early and normal monsoon is likely to impart bearish tone in the market, as it favors early sowing, yield and productivity. However, farmers are not much interest in sowing guar after the recent skid in prices, which may impart bullish tone in medium term. Total arrivals at the majority of markets and stood at around 4000 bags. Bikaner and Nokha markets experienced no arrivals.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with slightly bearish undertone. June contract opened weak at Rs 1788/qrtl; down Rs 3 the previous close of Rs 1791/qrtl and traded up initially testing a high of Rs 1809/qrtl. However, prices skid thereafter on some selling pressure and settled in the negative side. June contract traded in the range of Rs 1780-1809/qrtl and the May contract traded in the range of Rs. 1732-1755/qrtl. Guar gum May contract hovered in the range of Rs.4386-4440/qrtl and the June contract hovered in the range of Rs.4460-4515/qrtl. Both the volume and open interest declined significantly.

MCX Guar seed futures witnessed narrow range bound trade with bullish tone. June contract opened weak at Rs 1764.00 against the previous close of Rs 1770.00 and traded up initially testing a high of Rs 1785.00. However, prices skid thereafter on some selling pressure and settled in the negative side. June contract traded in the range of Rs 1762.00-1785.00/qrtl and May contract fluctuated in the range of Rs 1718.00-1745.00/qrtl. Volume increased significantly while open interest declined marginally.

PRICE DRIVERS:

Bearish:

1. Recent rainfall over north western part favorable for guar
2. Lower demand from exporters and millers
3. Expectation of early & normal monsoon

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 formed doji pattern that indicate reversal. Stochastic and RSI is moving up in neutral region. MACD is also moving up in negative region, which shows decrease in bearish momentum. Closing price is below the short-term EMAs. Market is expected to trade up 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.	1790	1799	1790	1862	1873
NCDEX Guar Gum June.	4482	4500	4477	4642	4673
MCX Guar Seed June.	1757	1767	1768	1831	1844

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- June Guar Seed above 1810 with target of 1840 then 1855 Stop loss near 1795.

BUY NCDEX- June Guar Gum above 4521 with target of 4577 then 4608 Stop loss near 4493.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- June Guar Seed above 1777 with target of 1800 then 1816 Stop loss near 1765.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	15.05.07	14.05.07	Change
Guar Seed	Bikaner	1750	1750	-
	Jodhpur	1860	1860	-
	Nokha	1660	1660	-
Guar Gum	Sriganganagar			-
	Jodhpur	4550	4530	+20

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