

GUAR DAILY

31st May 2007

SPOT MARKETS:

The prices of both guar seed and guar gum stood steady at the majority of markets on subdued trade. Demand from millers and exporters remained subdued in the market. However, some demand for Churi and Korma supported the market sentiment. Sources reported that the stockists at the moment are not interested to sell their stocks at lower price levels. Consequently overall arrival eased slightly at the majority of market and stood at around 4000 bags with no arrivals reported in Bikaner and Nokha. As per the IMD, monsoon rains are unlikely to make any progress from the southern region towards other regions of the country as there is no change in the northern limit of monsoon since Tuesday. Thus, some firmness is expected in prices in coming days, as the price movement depends on the monsoon progress.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bullish undertone. July contract opened firm at Rs 1781, up Rs 2 against the previous close of Rs 1779 and traded down initially testing a low of Rs 1779. However, prices traded upward thereafter on buying interest and managed to settle in the positive side. July contract traded in the range of Rs 1779-1799/qrtl and June contract traded in the range of Rs 1744-1762/qrtl. In July contract both volume declined and open interest increased significantly. Guar gum June contract hovered in the range of Rs.4410-4436/qrtl and July contract traded in the range of Rs 4500-4530/qrtl.

MCX Guar seed futures witnessed narrow range bound trade with bullish tone. The most active July contract opened weak at Rs 1764.0 against the previous close of Rs 1758.5 and traded down initially testing a low of Rs 1761.0. However, prices recovered thereafter on some buying interest and finally settled in the positive side. July contract traded in the range of Rs 1761.00-1776.00/qrtl and June contract traded in the range of Rs 1723.00-1735.00/qrtl.

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 slight firmness in market. Closing price is between the 9 days and 18 days EMA which indicates firmness in short run. MACD is rising in negative region. Stochastic and RSI is also moving up in the neutral region. 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 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.	1778	1785	1791	1833	1840
NCDEX Guar Gum July.	4500	4510	4514	4578	4590
MCX Guar Seed July.	1760	1765	1769	1809	1815

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- July Guar Seed above 1793 with target of 1815 then 1825 Stop loss near 1782.

BUY NCDEX- July Guar Gum above 4521 with target of 4551 then 4566 Stop loss near 4506.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- July Guar Seed above 1774 with target of 1794 then 1804 Stop loss near 1764.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	30.05.07	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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