

GUAR DAILY

29th May 2007

SPOT MARKETS:

The prices of both guar seed and guar gum improved marginally at Jodhpur market on the back of demand from millers and exporters while the prices of guar seed remained unchanged at Bikaner and Nokha markets on subdued trade. Sources reported that the exporters are started taking fresh export order of guar gum as the prevailing prices touched rock bottom levels, making exports feasible at the moment despite weakness in dollar. Demand for churi and korma also supported the market sentiment to some extent. Consequently, millers remained active, whereas stockists' activity remained subdued in the market. Thus, some improvement is expected in coming due to gradually rising demand in the market. As per IMD, monsoon arrived in southern coast of Kerala 4 days before and the conditions are favorable for the further advancement of monsoon in next 2-3 days. So, it is advisable to keep a close look over monsoon progress.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed range bound trade with slightly bullish tone. July contract opened weak at Rs 1783, down Rs 4 against the previous close of Rs 1787 and traded up initially testing a high of Rs 1827. However, prices tumbled thereafter on selling pressure and settled in the negative side. July contract traded in the range of Rs 1773-1827/qrt and June contract traded in the range of Rs 1739-1785/qrt. In July contract volume and open interest increased significantly. Guar gum June contract hovered in the range of Rs.4386-4481/qrt and July contract traded in the range of Rs 4470-4579/qrt.

MCX Guar seed futures witnessed narrow range bound trade with slightly bullish tone. The most active July contract opened weak at Rs 1763.0 against the previous close of Rs 1767.0 and traded down initially testing a low of Rs 1755.0. However, prices recovered marginally thereafter on some buying interest and managed to settle in the positive side. July contract traded in the range of Rs 1755.00-1807.00/qrt and June contract traded in the range of Rs 1720.00-1760.00/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:

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 weakness in market. Long upper shadow indicates selling pressure at higher level. Closing price is below the short term EMAs which indicates weakness in short-term. MACD is moving up in negative region. Stochastic is moving down following a bearish cross over in neutral region while RSI is flat in neutral region. Market is expected to trade down initially 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.	1746	1752	1786	1800	1810
NCDEX Guar Gum July.	4421	4432	4482	4503	4514
MCX Guar Seed July.	1730	1740	1768	1800	1811

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- July Guar Seed below 1790 with target of 1770 then 1760 Stop loss near 1800.

SELL NCDEX- July Guar Gum below 4490 with target of 4460 then 4445 Stop loss near 4505.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- July Guar Seed above 1775 with target of 1755 then 1745 Stop loss near 1795.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	28.05.07	26.05.07	Change
Guar Seed	Bikaner	1740	1740	-
	Jodhpur	1840	1830	+10
	Nokha	1655	1655	-
Guar Gum	Sriganganagar			
	Jodhpur	4500	4450	+50

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