

GUAR DAILY

May 3rd, 2007

SPOT MARKETS:

Amid weak demand from millers and exporters, prices of both guar seed and guar gum declined sharply at the majority of markets during the Wednesday's trade. Stockists, millers and exporters activity remained silent in the market. Moreover, heavy rains over the Haryana and Punjab region further added bearishness, as it is favorable for the showing of new crop, which is likely to start soon. Further, there are reports of good demand from importer for guar gum in Indian market. However, no exporters are interested to take any fresh orders, as continuing weakness in dollar hurting the export realization. And due to lack of buying support from exporter and millers, arrivals also declined in the market. Total arrivals at the majority of market stood at 4000-4500 bags. No arrival reported in Bikaner and Nokha. Thus, prices are likely to remain steady to weak in coming days due to weak demand from millers and exporters.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed weak sentiment with bearish undertone. June contract opened weak at Rs 1899/qrt, down Rs 26 against the previous close of Rs 1925/qrt and traded upward initially testing a high of Rs 1902/qrt. However, futures tumbled thereafter on increased selling pressure hitting 4% lower circuit and settled red. June contract traded in the range of Rs 1830-1902/qrt and the May contract traded in the range of Rs. 1788-1850/qrt. Guar gum May contract moved in the range of Rs. 4426-4521/qrt and the June Contract traded in the range of Rs.4522-4662/qrt. Volume and open interest both increased significantly.

MCX Guar seed futures observed weak sentiment with bearish undertone. June contract opened weak with a gap down at Rs 1870.00 against the previous close of Rs 1905.00 and traded upward initially testing a high of Rs 1874.00. However, futures tumbled thereafter on increased selling pressure and settled in the negative side. June contract traded in the range of Rs 1840-1874/qrt and May contract fluctuated in the range of Rs 1794.00-1825.00/qrt. Volume increased significantly while open interest declined marginally.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Strengthening in Rupees Vs Dollar
3. Lower demand from exporters

Bullish:

4. Expectation of higher export order in near future
5. Good overseas demand
6. IMD predicted 5% below average monsoon
7. Lower stock & higher prices in Pakistan
8. Lower arrivals in the market

WEATHER IMPACT:

Conflicting weather reports from IMD and foreign sources. IMD sees 5% lower rains, while others see normal or excess rains.

TECHNICALS:

Candlestick chart pattern exhibit bearish sentiment and weakness in prices. Stochastic has made bearish cross over in over sold region and RSI is dipping further in oversold region. MACD and EMA indicate short-term and medium-term weakness. Downward movement is expected in the market 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.	1790	1800	1841	1866	1878
NCDEX Guar Gum June.	4458	4473	4538	4572	4594
MCX Guar Seed June.	1790	1800	1841	1863	1872

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- June Guar Seed below 1852 with target of 1827 then 1812 Stop loss near 1865.

SELL NCDEX- June Guar Gum below 4548 with target of 4508 then 4488 Stop loss near 4568.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- June Guar Seed above 1850 with target of 1830 then 1818 Stop loss near 1860.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	02.05.07	01.05.07	Change
Guar Seed	Bikaner	1740	1770	-30
	Jodhpur	1880	1930	-50
	Nokha	1700	1750	-50
Guar Gum	Sriganganagar			
	Jodhpur	4650	4700	-50

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