

GUAR DAILY

May 14th, 2007

SPOT MARKETS:

Amidst subdued demand against restricted arrivals the prices of both guar seed and guar gum remained unmoved at the majority of markets. Millers and exporters activity remained subdued in the market. Stockists activity also remained silent or absent in the market. Total arrivals at the majority of markets stood at 4000-4500 bags with no arrivals reported at Bikaner and Nokha. Further, taking into account of recent rainfall over North Western part of India and prediction of early and normal monsoon by IMD. Guar seed production is expected to increase this year, which likely to depress the prices in medium to long term. However, in short run prices are expected to improve if export activity improves.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed narrow range bound trade with bearish undertone. June contract opened firm at Rs 1832/qrtl; up Rs 12 the previous close of Rs 1820/qrtl and traded up initially testing a high of Rs 1838/qrtl. However, prices slipped thereafter on some selling pressure and settled in the negative side. June contract traded in the range of Rs 1799-1838/qrtl and the May contract traded in the range of Rs. 1751-1788/qrtl. Guar gum May contract moved in the range of Rs. 4411-4485/qrtl and the June Contract traded in the range of Rs.4405-4585/qrtl. Both the volume and open interest declined significantly.

MCX Guar seed futures witnessed narrow range bound trade with bearish undertone. June contract opened firm at Rs 1809.00 against the previous close of Rs 1794.50 and traded down thereafter on selling pressure and settled in the negative side. June contract traded in the range of Rs 1775.00-1809.00/qrtl and May contract fluctuated in the range of Rs 1740.00-1757.00/qrtl. Volume declined significantly while open interest increased 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 monsoon

Bullish:

4. Expectation of higher export order in near future
5. Good overseas demand
6. Lower stock & higher prices in Pakistan
7. Slight improvement in dollar

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 exhibit bearish sentiment. Stochastic indicates recovery from over sold region while and RSI is moving down in over sold region. MACD is 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.	1791	1807	1803	1870	1883
NCDEX Guar Gum June.	4526	4562	4530	4691	4722
MCX Guar Seed June.	1767	1775	1778	1829	1835

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- June Guar Seed above 1819 with target of 1845 then 1857 Stop loss near 1806.

BUY NCDEX- June Guar Gum above 4596 with target of 4636 then 4656 Stop loss near 4576.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- June Guar Seed above 1788 with target of 1808 then 1818 Stop loss near 1778.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	12.05.07	11.05.07	Change
Guar Seed	Bikaner	1750-60	1750-60	-
	Jodhpur	1870	1870	-
	Nokha	1660-70	1660-70	-
Guar Gum	Sriganganagar			-
	Jodhpur	4550	4550	-

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