

GUAR DAILY

22nd, June 2007

SPOT MARKETS:

Guar seed and guar gum prices improved marginally at Jodhpur market on some demand from processors and exporters, while remained unmoved at Bikaner and Nokha markets on subdued trading activity. Further, talks in the market that the government may hike the guar gum export subsidy to 10% from 5% supported the market sentiment to some extent. However, reports of favourable monsoon progress coupled with rainfall over parts of Rajasthan (Bikaner, Sriganganagar and Jodhpur), weighing heavily on prices. Exporters remained active in the market. Consequently some demand from processors also reported during the Thursday's trade. Overall arrivals at the majority of markets reportedly stood steady at around 4500-5000 bags, with no arrivals reported in Bikaner and Nokha.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed narrow range bound trade with slightly bullish tone. July contract opened firm at Rs 1706/qtt, up Rs 6 against the previous close of Rs 1700/qtt and traded down initially testing a low of Rs 1698/qtt. However, prices recovered thereafter on some buying interest and tested a high of Rs 1717/qtt and settled at positive side. In July contract both volume and open interest declined. Guar gum July contract traded in the range of Rs 4328-4359/qtt.

MCX Guar seed futures witnessed narrow range bound trade with bullish tone. The most active July contract opened slightly firm at Rs 1674.0 against the previous close of Rs 1673.0 and traded down initially testing a low of Rs 1671.0. However, prices recovered thereafter on some buying interest and settled in the positive side. July contract traded in the range of Rs 1671.00-1684.00/qtt.

PRICE DRIVERS:

1. Mild demand from exporters & millers
2. Rains over some part of Rajasthan and Haryana
3. Reports of good monsoon progress
4. Expectation of normal to better monsoon
5. Ample stock position in the market
6. Good overseas demand
7. Expectation of bumper production again

WEATHER IMPACT:

Monsoon has revived now and is expected to be active during the current week. So, 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 char pattern shows further recovery in prices. Closing price is below the short term EMAs. MACD has made bullish cross over in negative region. Both Stochastic and RSI is rising in oversold region, indicating an expected bounce-back from these levels. Market is expected to trade range bound with firm bias.

OUTLOOK:

Guar seed futures are expected to trade range bound with firm bias.

NCDEX Guar Seed July Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed July.	1699	1707	1712	1757	1768
NCDEX Guar Gum July.	4322	4332	4342	4400	4414
MCX Guar Seed July.	1667	1674	1680	1705	1713

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- July Guar Seed above 1717 with target of 1737 then 1747. Stop loss near 1707.

BUY NCDEX- July Guar Gum above 4348 with target of 4373 then 4383 Stop loss near 4335.5.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

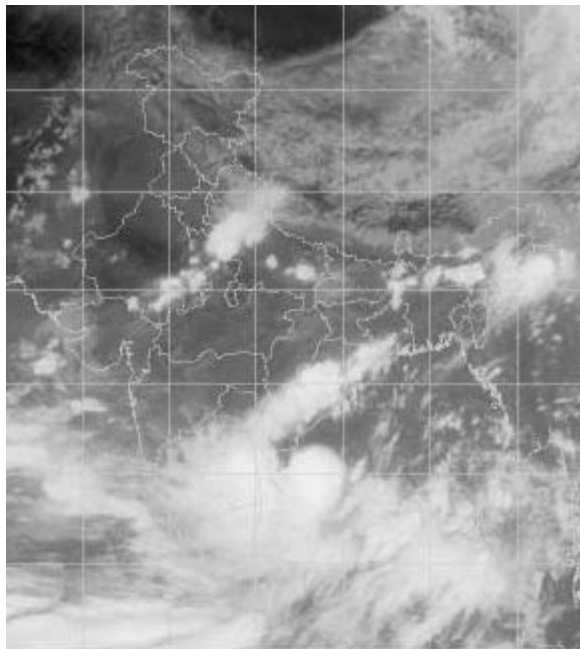
BUY MCX- July Guar Seed above 1684 with target of 1704. Stop loss near 1674.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	21.06.07	20.06.07	Change
Guar Seed	Bikaner	1680-90	1680-90	0
	Jodhpur	1800-10	1790-1800	+10
	Nokha	1620-30	1630	0
Guar Gum	Sriganganagar			
	Jodhpur	4375-4400	4375	+25

SATELLITE IMAGE OF MONSOON PROGRESS (as on 21.06.07)



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