

GUAR DAILY

15th, June 2007

SPOT MARKETS:

Amidst reports of good monsoon progress coupled with slight drizzles over some parts of NW India the prices of both guar seed and guar gum declined at the majority of markets, as traders offloading their inventories. According to IMD, conditions are further favourable for the progress of SW monsoon in next 2-3 days and also further predicted for isolated thundersquall over NW part, which likely to impart bearishness in the market. Exporters remained active during the Thursday's trade at lower price levels, as the prices touched a rock bottom level, which makes exports feasible at the moment despite weakness in dollar. Consequently, some demand from millers also reported. Arrivals at the majority of markets reportedly stood at around 4500-5500 bags. In Bikaner and Nokha mandi arrival stood steady at 100-150 bags and 150-200 bags.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed lacklustre trade with slightly bullish tone. July contract opened slightly firm at Rs 1735/qrtl, up Rs 1 against the previous close of Rs 1734/qrtl and traded down initially on selling pressure testing a low of Rs 1716/qrtl. However, prices recovered thereafter on increased buying interest at lower levels and managed to settle in the positive side. June and July contract traded in a narrow range of Rs 1696-1717/qrtl and Rs 1716-1747/qrtl. In July contract both volume and open interest declined. Guar gum June and July contract traded in the range of Rs 4302-4370/qrtl and Rs 4352-4435/qrtl.

MCX Guar seed futures witnessed firm sentiment with bullish tone. The most active July contract opened firm at Rs 1710.0 against the previous close of Rs 1705.0 and traded down initially on increased selling pressure testing a low of Rs 1700.0. However, prices recovered thereafter on buying interest and settled in the positive side. June and July contract traded in the range of Rs 1672.00-1690.00/qrtl and Rs 1700.00-1722.00/qrtl.

PRICE DRIVERS:

1. Marginal improvement in dollar
2. Mild demand from exporters & millers
3. Reports of good monsoon progress
4. Expectation of normal to better monsoon
5. Ample stock position in the market
6. Good overseas demand

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 indecisive market. Prices closed far below the 9 and 18 days EMA, which show weakness in prices. MACD is moving down in negative region. Stochastic is moving down in oversold region while RSI is moving slightly upward in oversold region. Market is expected to trade down following a steady to slightly firm opening.

OUTLOOK:

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

NCDEX Guar Seed July Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed July.	1690	1700	1738	1759	1768
NCDEX Guar Gum July.	4350	4361	4415	4445	4466
MCX Guar Seed July.	1680	1690	1715	1732	1740

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- July Guar Seed below 1746 with target of 1726 then 1716. Stop loss near 1756.

SELL NCDEX- July Guar Gum below 4430 with target of 4400 then 4385 Stop loss near 4445.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

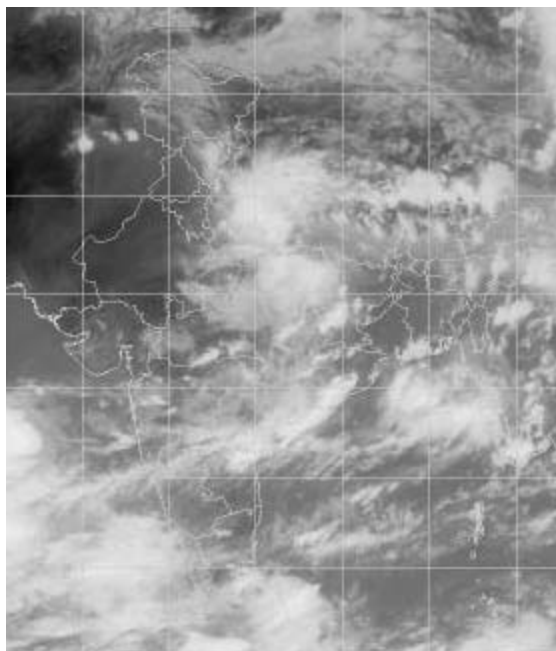
SELL MCX- July Guar Seed below 1722 with target of 1702. Stop loss near 1730.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	14.06.07	13.06.07	Change
Guar Seed	Bikaner	1700	1735	-35
	Jodhpur	1815	1860	-45
	Nokha	1640	1650	-10
Guar Gum	Sriganganagar			
	Jodhpur	4475	4525	-50

SATELLITE IMAGE OF MONSOON PROGRESS (as on 14.06.07)



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