

GUAR DAILY

20th, June 2007

SPOT MARKETS:

The prices of both guar seed and guar gum stood steady at the majority of markets on subdued trading activity against restricted arrivals. Mild demand from millers and exporters reported during the Tuesday's trade. Further, reports of rainfall over parts of Rajasthan (Sriganganagar, Bikaner and Nokha) and Haryana coupled with reports of good monsoon progress, weighing heavily on prices. This year monsoon is expected to be normal, leading to expectations of increase in production. But, considering the recent fall in guar prices their may be possibility that the farmers shifting to other lucrative crop, which may stabilize the prices in medium term. Total arrivals at the majority of markets reportedly stood at around 5000-5500 bags with no arrivals reported in Bikaner and Nokha mandi.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. July contract opened weak at Rs 1699/qrtl, down Rs 8 against the previous close of Rs 1707/qrtl and traded up initially testing a high of Rs 1721/qrtl. However, prices tumbled erasing the early gains on increased selling pressure and settled in the negative side. June and July contract traded in the range of Rs 1671-1694/qrtl and Rs 1695-1721/qrtl. In July contract both volume and open interest declined. Guar gum June and July contract traded in the range of Rs 4252-4300/qrtl and Rs 4335-4388/qrtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. The most active July contract opened firm at Rs 1700.0 against the previous close of Rs 1680.0. Contract then traded down on increased selling pressure and settled in the negative side. June and July contract traded in the range of Rs 1630.50-1654.00/qrtl and Rs 1667.50-1700.00/qrtl.

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:

Long upper shadow of the candlestick indicates good selling pressure at higher level. MACD and EMA indicate for further bearishness in the market. Stochastic is rising in oversold region while RSI is moving downward in oversold region. Market is expected to trade range bound with weak bias.

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.	1660	1670	1699	1723	1730
NCDEX Guar Gum July.	4290	4301	4335	4388	4400
MCX Guar Seed July.	1630	1640	1674	1700	1710

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- July Guar Seed below 1710 with target of 1690 then 1680. Stop loss near 1720.

SELL NCDEX- July Guar Gum below 4352 with target of 4322 then 4312 Stop loss near 4367.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

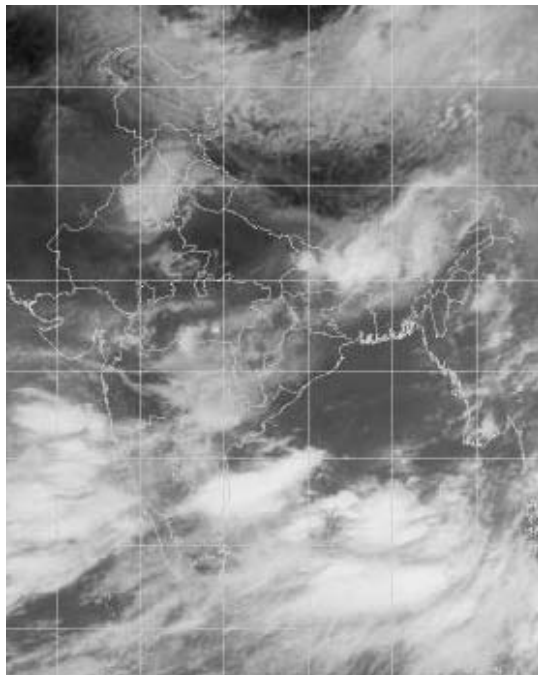
SELL MCX- July Guar Seed below 1685 with target of 1665 then 1655. Stop loss near 1695.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	19.06.07	18.06.07	Change
Guar Seed	Bikaner	1680-90	1690	0
	Jodhpur	1800	1800	0
	Nokha	1630	1620-30	0
Guar Gum	Sriganganagar			
	Jodhpur	4375	4350-75	0

SATELLITE IMAGE OF MONSOON PROGRESS (as on 19.06.07)



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