

GUAR DAILY

5th, June 2007

SPOT MARKETS:

The spot market prices of both guar seed and guar gum prices eased at the majority of markets on weak physical demand against ample supply situation while remained unmoved in Nokha on subdued trading activity. Demand from millers and exporter remained silent in the market. Total arrival at the majority of markets reportedly stood at around 4000-4500 bags with no arrivals reported at Bikaner and Nokha. Further, satellite picture on IMD shows a dense cloud is moving towards NW India and may cause heavy pre-monsoonal rainfall over the NW part, particularly Rajasthan where guar is largely grown. This is expected to impart further bearishness in the market as these rains would favor guar cultivation. However, considering the recent fall in guar prices there may be possibilities of the farmers shifting to other lucrative crops, as guar prices dipped 15-20% as compared to corresponding period last year. If farmers shift to alternative/more remunerative crops in the coming kharif season, guar prices could stabilize. However, we have to wait and watch the situation.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed range bound trade with bearish undertone. July contract opened weak at Rs 1835/qtt, down Rs 6 against the previous close of Rs 1841/qtt and traded up initially testing a high of Rs 1840/qtt. However, prices traded down thereafter on increased selling pressure and settled in the negative side. July contract traded in the range of Rs 1815-1840/qtt and June contract traded in the range of Rs 1777-1798/qtt. In July contract volume declined while open interest increased. Guar gum June contract hovered in the range of Rs.4460-4520/qtt and July contract traded in the range of Rs 4554-4614/qtt.

MCX Guar seed futures witnessed narrow range bound trade with bearish undertone. The most active July contract opened weak at Rs 1803.0 against the previous close of Rs 1822.5 and traded up initially testing a high of Rs 1820.0. However, futures traded down thereafter on increased selling pressure and settled in the negative side. July contract traded in the range of Rs 1798.00-1820.00/qtt and June contract traded in the range of Rs 1755.00-1773.00/qtt.

PRICE DRIVERS:

1. Recent rains over NW part favorable for guar
2. Some demand from exporters & millers
3. Reports of slow monsoon progress
4. Expectation of normal to better monsoon
5. Appreciation of rupee against dollar
6. Ample stock position in the market
7. Lower stock & higher prices in Pakistan

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 weakness in prices. MACD and EMA indicate for short term firmness. Stochastic is moving up in the neutral region while RSI is moving down in the neutral region. Market is expected to trade up following steady to slightly firm opening with possibility of late downward movement.

OUTLOOK:

Guar seed futures are expected to trade upwards initially following a steady to slightly firm opening

NCDEX Guar Seed July Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed July.	1810	1819	1829	1877	1886
NCDEX Guar Gum July.	4556	4570	4580	4652	4671
MCX Guar Seed July.	1781	1795	1804	1851	1861

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- July Guar Seed above 1836 with target of 1856 then 1866 Stop loss near 1826.

BUY NCDEX- July Guar Gum above 4593 with target of 4623 then 4638 Stop loss near 4578.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- July Guar Seed above 1810 with target of 1830 then 1840 Stop loss near 1800.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.06.07	02.06.07	Change
Guar Seed	Bikaner	1740	1755	-15
	Jodhpur	1860	1885	-25
	Nokha	1675	1675	-
Guar Gum	Sriganganagar			
	Jodhpur	4520	4575	-55

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