

GUAR DAILY

1st, August 2007

SPOT MARKETS:

The prices of both guar seed and guar gum remained unmoved on normal demand-supply situation. Normal demand from millers and exporters reported during the Tuesday's trade. Stockists also held back the stock in expectation of price rise. Further, sources reported of growing overseas demand from China, EU and Gulf countries for guar gum and split. Meanwhile, dry spell over the Rajasthan region further supported the market sentiment. Delay in revival of monsoon means delay in resumption of sowing in some of the key growing regions, which is likely to adversely affect production. However, in some parts of Rajasthan like Sriganganagar and Hanumangarh the sowing has started after the first spell of monsoon and is in full swing. Traders are closely monitoring the progress of monsoon over the region. If monsoon revives over the region in next 10-12 days then the prices in both spot and futures market are likely to decline. Overall arrivals at the majority of markets stood at around 2000-2500 bags. No arrivals reported in Bikaner and Nokha received the marginally lower arrival of 150-200bags.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. The most active September contract opened firm at Rs. 1822/qrtl, up of Rs. 6 against the previous close of Rs 1816/qrtl and traded up initially testing a high of Rs 1852/qrtl. However, profit booking at higher level pressurized the prices but finally it managed to settle in the positive territory. September contract traded in the range of Rs 1821-1852/qrtl and August contract traded in the range of Rs 1777-1808/qrtl. In September contract both open interest and volume declined significantly. Guar gum September contract traded in the range of Rs 4640-4712/qrtl and August contract traded in the range of Rs 4539-4600/qrtl.

MCX Guar seed futures witnessed narrow range bound trade with bullish tone. September contract opened firm at Rs 1800/qrtl against the previous close of Rs 1775.5/qrtl and traded down initially testing a low of Rs 1790.0. However, prices recovered on buying interest at lower level and finally settled in the positive side. September contract traded in the range of Rs 1790.0-1800.0/qrtl and August contract traded in the range of Rs 1749.0-1765.0/qrtl. In September contract volume declined while open interest increased.

PRICE DRIVERS:

1. Good overseas & normal domestic demand
2. Restricted arrivals in the market due to stockists hoarding
3. Expected Rainfall over the West Rajasthan favourable for the guar sowing
4. Expectation of increased acreage
5. Production is expected to touch 10 lakh tonnes

WEATHER IMPACT:

As per IMD prediction on 27th July, Rain/thundershowers are likely at a few places over the rest region outside West Rajasthan where it may be isolated.

TECHNICALS:

Candlestick chart pattern shows firmness in market. Prices closed well above the 9 and 18 days EMA, which indicate for further firmness in short-term. MACD remains in the neutral region and moving upward. Stochastic has made a bullish cross over in neutral region and RSI is also moving upward in neutral region. Market is expected to trade up following steady to slightly firm opening.

OUTLOOK:

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

NCDEX Guar Seed September Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Sept.	1811	1825	1840	1883	1890
NCDEX Guar Gum Sept.	4609	4636	4679	4750	4760
MCX Guar Seed Sept.	1780	1790	1799.5	1835	1847

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- September Guar Seed above 1842 with target of 1862 then 1872. Stop loss near 1832.

BUY NCDEX- September Guar Gum above 4689 with target of 4720 then 4730. Stop loss near 4674.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

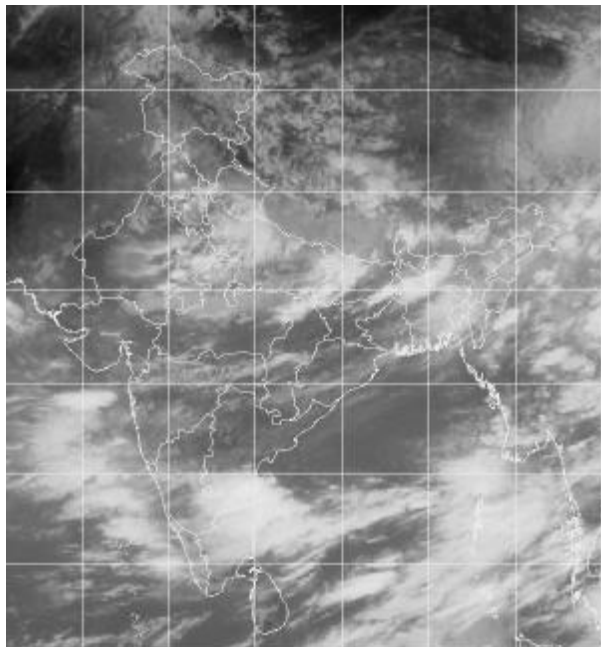
BUY MCX- September Guar Seed above 1805 with target of 1825. Stop loss near 1795.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	31.07.07	30.07.07	Change
Guar Seed	Bikaner	1730	1725-30	-
	Jodhpur	1850	1840-50	-
	Nokha	1700	1690-1700	-
Guar Gum	Sriganganagar			
	Jodhpur	4650	4625-50	-

SATELLITE IMAGE OF MONSOON PROGRESS (as on 31.07.07)



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