

17th, July 2007

## GUAR DAILY

### SPOT MARKETS:

Guar seed spot prices remained steady during the Monday's trade in all the major markets on normal physical demand against the lower arrivals while the guar gum prices moved up Rs.25/qrtl from Saturday's price level against the good overseas demand. The trade sources reported that millers are interested to trade at lower price level whereas stockiest and speculators have driven the market prices. Following a good monsoon, guar sowing has picked up its pace in Rajasthan, Gujarat and Haryana. Weather outlook is also favourable for sowing of guar crops in Haryana and north Rajasthan. As per the government figures, production is expected to increase to 500 kg a hectare from 375 kg in the corresponding period the year before. The traders also believed that a spell of good rain in next few days will be beneficial for guar crops which may impart bearishness in market. However, the excess rain may damage the crop as it is very susceptible to water logging. However, the markets are receiving lower arrivals as stockiest are hoarding stocks in anticipation of price rise. However, a normal demand from the millers and exporters coupled with the expectation of rainfall over the region may bring bearishness in the short term. Total arrivals at the major markets of Rajasthan stood at around 2500-3000 bags with no arrival reported in Nokha and Bikaner. Guar seed stocks at NCDEX accredited warehouses stood at 25,880 tonnes as on July 14, remain unchanged from the previous days stock.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. August contract opened firm at Rs. 1718/qrtl, up of Rs. 2 against the previous close of Rs 1716/qrtl and traded down initially testing a low of Rs. 1711/qrtl. However, prices recovered thereafter on some buying interest at lower level and settled in the positive territory. August contract traded in the range of Rs 1711-1740/qrtl and the July contract traded in the range of Rs 1687-1707/qrtl. In August contract open interest decreased marginally and volume increased significantly.

MCX Guar seed futures witnessed firm sentiment with bullish tone. The most active August contract opened firm at Rs 1679 against the previous close of Rs 1667.5 and traded down initially testing a low of Rs 1670. However, prices recovered thereafter on some buying interest at lower level and settled at positive territory. August contract traded in the range of Rs 1670-1684/qrtl and the July contract traded in the range of Rs 1635-1654.5/qrtl. In August contract, volume increased and open interest declined marginally.

### PRICE DRIVERS:

1. Normal demand from exporters & millers
2. Lower arrivals in the market
3. Good rain favours Guar cultivation
4. Expectation of increased of acreage
5. Production may touch 10 lakh tonnes

### WEATHER IMPACT:

As per IMD prediction on 15<sup>th</sup> July, rain/thundershowers are likely at many places over the north-west region during next 48 hours and decrease thereafter. IMD revised downwards its forecast for this year's (Jun-Sept) monsoon to 93% LPA from 95% predicted in April. However, predicted 95% rains for July.

### TECHNICALS:

Candlestick chart shows firmness in prices. MACD has moved into positive region. Both the Stochastic and RSI are heading up in the neutral region indicating firmness in prices for short term. Prices are finding good buying support at lower levels

### OUTLOOK:

Guar seed futures are expected to trade steady to slightly firm.

### NCDEX Guar Seed August Contract:



### SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed August.	1699	1706	1732	1766	1775
NCDEX Guar Gum August.	4373	4389	4420	4458	4466
MCX Guar Seed August.	1645	1656	1667.5	1707	1702

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**BUY** NCDEX- August Guar Seed above 1730 with target of 1748 then 1757. Stop loss near 1721.

**BUY** NCDEX- August Guar Gum above 4422 with target of 4434 then 4444. Stop loss near 4416.

**Do not carry forward the position until the next day.**

### INTRADAY TRADE RECOMMENDATION (MCX):

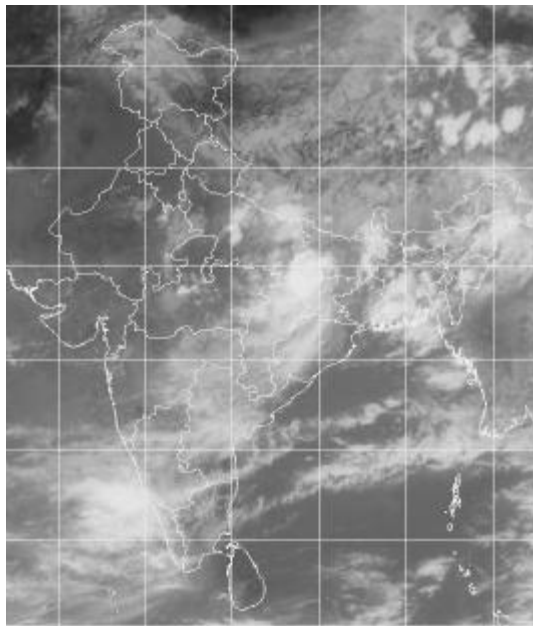
**BUY** MCX- August Guar Seed above 1670 with target of 1684, then 1698. Stop loss near 1663.

**Do not carry forward the position until the next day.**

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	16.07.07	14.07.07	Change
Guar Seed	Bikaner	1625-30	1625-30	-
	Jodhpur	1765-70	1760-70	-
	Nokha	1625-30	1620-30	-
Guar Gum	Sriganganagar			
	Jodhpur	4425-30	4400	+30

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 16.07.07)



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