

GUAR DAILY

27th, July 2007

SPOT MARKETS:

Despite the rain forecast over the guar growing regions, both the guar gum and seed spot prices were rose on Thursday on strong physical demand from the millers and exporters against the restricted supply. The upward movement of the prices was also supported by the traders shifting into guar from other trades like spices and pulses, trade sources reported. As the guar spot prices have been see-sawing for the past few days, stockists are holding back the products in anticipation of price rise against good export demand in near future. Although India's guar export have been steady since last few weeks, still traders confident that export volume will be increased to meet the growing overseas demand. The traders also reported that increased export volume will manage the margin money which was now being eaten out by the strong nature of rupee against dollar. However, the guar sowing process was progressing well but last few days dry spell over the region slowed down the sowing process as well as seed germination process. A good spell of rain will be favourable for guar cultivation as the guar is a rain fed crop and will increase the per hectare yield. Rainfall over the region may bring down the prices in short term. Total arrivals at the major markets of Rajasthan stood at around 2000-2500 bags, remain unchanged from Wednesday's, and with no arrival reported in Nokha and Bikaner.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. August contract opened weak at Rs. 1733/qrtl, down of Rs. 3 against the previous close of Rs 1736/qrtl and traded down initially testing a low of Rs. 1732/qrtl. However, prices recovered thereafter on increased buying interest at lower level and settled in the positive side. August contract traded in the range of Rs 1732-1794/qrtl and the July contract traded in the range of Rs 1700-1730/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 1710/qrtl against the previous close of Rs 1685/qrtl. Contract then traded up on increased buying interest at lower level and finally settled in the negative region. August contract traded in the range of Rs 1685-1685/qrtl and the July contract traded in the range of Rs 1661-1684.5/qrtl. In August contract, volume declined significantly and open interest remained unchanged.

PRICE DRIVERS:

1. Normal overseas demand
2. Restricted arrivals in the market
3. Rainfall over the regions favourable for the guar crops
4. Expectation of increased acreage
5. Production may be around 10 lakh tonnes

WEATHER IMPACT:

As per IMD prediction on 26th July, scattered rain/thundershowers are likely at many places over rest of the region.

TECHNICALS:

A bullish candle has formed showing firmness in market. The prices closed above the 9 and 18 days EMA's showing some strength in the market. MACD is making upward movement in the neutral region. Stochastic is falling down in the neutral region. RSI has made an upward movement in the normal zone. Guar is likely to trade steady with possibility of late upward movement.

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.	1750	1760	1782	1820	1840
NCDEX Guar Gum August.	4485	4516	4561	4650	4690
MCX Guar Seed August.	1715	1730	1750	1790	1805

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- August Guar Seed above 1775 with target of 1795 then 1805. Stop loss near 1765.

BUY NCDEX- August Guar Gum above 4545 with target of 4595 then 4620. Stop loss near 4520.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

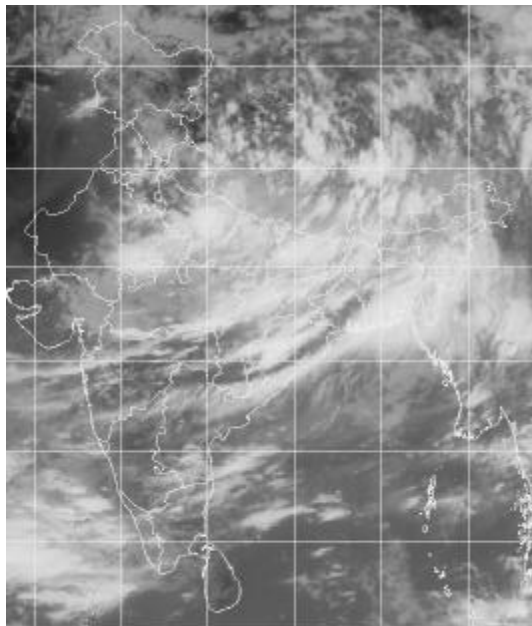
BUY MCX- August Guar Seed above 1745 with target of 1765, then 1775. Stop loss near 1735.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	26.07.07	25.07.07	Change
Guar Seed	Bikaner	1700	1680-90	+10
	Jodhpur	1825-40	1825	+15
	Nokha	1675-90	1660-75	+15
Guar Gum	Sriganganagar			
	Jodhpur	4575	4525	+50

SATELLITE IMAGE OF MONSOON PROGRESS (as on 26.07.07)



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