

GUAR DAILY

18th, July 2007

SPOT MARKETS:

Guar seed and gum spot prices were up during the Tuesday's trade in all the major markets on normal physical demand against the lower arrivals. The good export demand for the guar gum and split further supported the price sentiment. US and China are the major export markets for Indian guar gum and split. India exports near about 90 per cent of its total guar gum production. During this fiscal, country expects to export more tonnes of guar gum and split as the total output likely to reach around ten lakh tonnes. As per the trade sources, the guar sowing is in full swing in the major guar producing states like Rajasthan, Gujarat and Haryana. Due to last few days' good weather, there is also no threat of crop damage in flood hit areas of Gujarat. IMD prediction of isolated rain/thundershowers over the regions will help the guar cultivation. The traders believe that this rainfall may bring bearishness in the market. But rainfall beyond normal may damage the crops as the crop is very susceptible for water logging. Presently, stockiest and speculators have driven the market prices. Due to favourable monsoon for guar cultivation, yield per hectare may increase to 500/kg from 375/kg in the last year. Markets are also receiving lower arrivals as stockiest are hoarding the stocks for the expectation of further rise of price. Further, the guar seed stocks at NCDEX accredited warehouses stood at 25,423 tonnes as on July 16, down from the previous day's stock also added bullishness in the market. Total arrivals at the major markets of Rajasthan stood at around 2500 bags 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 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 1697.5 against the previous close of Rs 1675 and traded down initially testing a low of Rs 1687. However, prices recovered thereafter on some buying interest at lower level and settled at positive territory. August contract traded in the range of Rs 1687-1705/qrtl and the July contract traded in the range of Rs 1660-1669/qrtl. In August contract, volume increased and open interest remained same.

PRICE DRIVERS:

1. Good overseas demand
2. Lower arrivals in the market
3. Good rain favours Guar cultivation
4. Expectation of increased of acreage
5. Production may be around 10 lakh tonnes

WEATHER IMPACT:

As per IMD prediction on 17th July, rain/thundershowers are likely at many places over the north-west region. 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. Stochastic is approaching overbought region 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.	1710	1720	1739	1750	1785
NCDEX Guar Gum August.	4342	4375	4430	4500	4530
MCX Guar Seed August.	1658	1670	1696	1740	1756

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- August Guar Seed above 1730 with target of 1750 then 1760. Stop loss near 1720.

BUY NCDEX- August Guar Gum above 4410 with target of 4450 then 4470. Stop loss near 4390.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

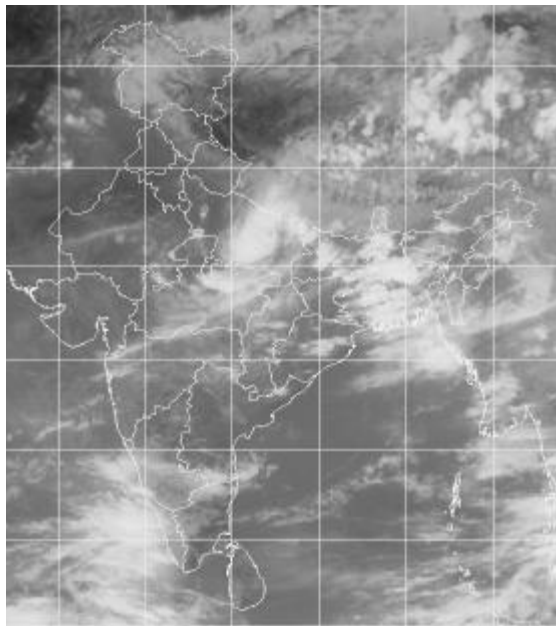
BUY MCX- August Guar Seed above 1687 with target of 1709, then 1721. Stop loss near 1676.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	17.07.07	16.07.07	Change
Guar Seed	Bikaner	1650-60	1625-30	+30
	Jodhpur	1800	1765-70	+30
	Nokha	1645-50	1625-30	+20
Guar Gum	Sriganganagar			
	Jodhpur	4500	4425-30	+70

SATELLITE IMAGE OF MONSOON PROGRESS (as on 17.07.07)



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd