

GUAR DAILY

21st, July 2007

SPOT MARKETS:

During Friday's trade, guar seed and gum spot markets witnessed a steady sentiment against normal demand and supply situation. Dry spell over the region in last few days slowed down the guar sowing process which prevented the downward movement of spot prices. The traders reported that the prices have been held range bound due to good overseas demand despite the expectation of bumper production. Due to shortage of rainfall in last few days, the guar sowing process has been slowed down in Rajasthan after picking the up pace in previous two weeks following good rainfalls. But in Gujarat and Haryana, the sowing process is in full sowing. Due to this year's favourable monsoon, traders in Haryana expect the increase of 20 per cent acreage under guar crop. Although the last few days experienced a steady overseas demand, but the traders are confident of the rise of the export demand as countries like US, EU, China, and Saudi Arabia have shown growing interest in India's guar gum split. Total arrivals at the major markets of Rajasthan stood at around 2500-3000 bags, remain unchanged from Thursday's, and with no arrival reported in Nokha and Bikaner. Normal overseas demand coupled with slow down of the guar sowing process may keep both guar gum and seed prices range bound.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. August contract opened firm at Rs. 1769/qrtl, up of Rs. 4 against the previous close of Rs 1765/qrtl and traded up initially testing a high of Rs. 1772/qrtl. However, prices traded down thereafter with some selling pressure at higher level and finally settled in the negative region. August contract traded in the range of Rs 1745-1772/qrtl and the July contract traded in the range of Rs 1700-1730/qrtl. In August contract open interest decreased marginally and volume declined significantly.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. The most active August contract opened weak at Rs 1712/qrtl against the previous close of Rs 1713/qrtl and traded up initially testing a high of Rs. 1714/qrtl. However, prices traded down thereafter on increased selling pressure at higher level and finally settled in the negative region. August contract traded in the range of Rs 1996-1714/qrtl and the July contract traded in the range of Rs 1661-1684.5/qrtl. In August contract, volume and open interest decline marginally.

PRICE DRIVERS:

1. Normal overseas demand
2. Lower arrivals in the market
3. Dry Climate in last few days not favourable for Guar crops
4. Expectation of increased acreage
5. Production may be around 10 lakh tonnes

WEATHER IMPACT:

As per IMD prediction on 20th July, isolated rain/thundershowers is likely over the north-west region during next 24 hours and increase thereafter.

TECHNICALS:

Robust bearish candle shows weakness in market. Closing prices is above the 9 and 18 days EMA. MACD is moving upward in the negative region. Stochastic is about to make bearish cross over favouring bears while RSI is falling in the overbought region. Prices are likely to make downward movement following a steady to weak opening.

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.	1700	1720	1749	1777	1790
NCDEX Guar Gum August.	4360	4395	4490	4500	4535
MCX Guar Seed August.	1660	1675	1703	1725	1740

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- August Guar Seed below 1760 with target of 1740 then 1730. Stop loss near 1770.

SELL NCDEX- August Guar Gum below 4470 with target of 4420 then 4400. Stop loss near 4495.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

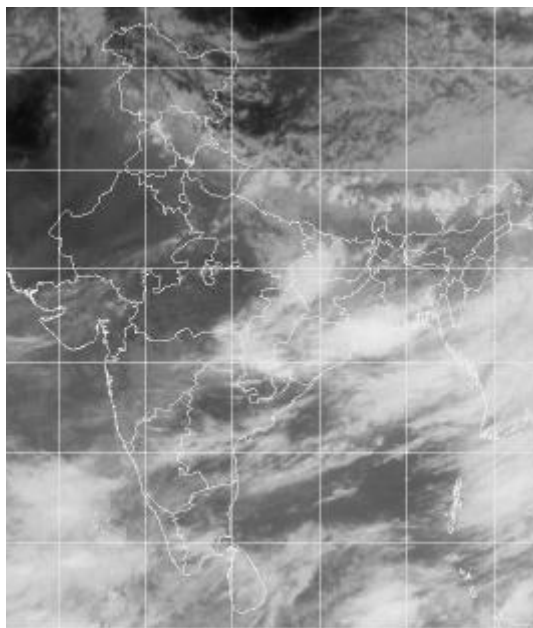
SELL MCX- August Guar Seed below 1710 with target of 1690, then 1680. Stop loss near 1720.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.07.07	19.07.07	Change
Guar Seed	Bikaner	1700	1690-1700	-
	Jodhpur	1810-1825	1800-1825	-
	Nokha	1675-1680	1670-1680	-
Guar Gum	Sriganganagar			
	Jodhpur	4525	4500-4525	-

SATELLITE IMAGE OF MONSOON PROGRESS (as on 20.07.07)



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