

GUAR DAILY

12th, July 2007

SPOT MARKETS:

The prices of guar seed remained unchanged at Jodhpur and Bikaner markets during the Wednesday's trade as normal demand outpace the lower arrivals while prices declined marginally at Nokha market on subdued trading activities. Guar gum prices in Jodhpur market were quoted up Rs 25/ql against Tuesday's price level on good demand against normal arrival. Normal demand from exporters and millers are reported in the market. However, stockiest are hoarding stocks in anticipation of price rise. Most of the major markets received lower arrivals as rainfall over these regions obstructed arrivals which supported the market sentiments to some extent. Thus, considering the above factors, prices are likely to remain steady to slightly firm in coming days. Meanwhile, the IMD predicted fairly widespread rainfall over Rajasthan in next 24 hours which favours guar cultivation. This crop year also expects increased production as Guar acreage has been increased compared to last year's. The sowing of Guar has picked up pace after the recent rainfall over Rajasthan and Haryana. Total arrivals at the major markets of Rajasthan stood at around 3000 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 1662/ql, up Rs 3 against the previous close of Rs 1659/ql and traded down initially testing a low of Rs 1642/ql. However, prices recovered thereafter on increased buying interest at lower levels and finally settled at positive territory. August contract traded in the range of Rs 1642-1680/ql and the July contract traded in the range of Rs 1623-1655/ql. In August contract open interest increased marginally and volume declined marginally. Guar gum August contract traded in the range of Rs 4220-4310/ql and the July contract traded in the range of Rs 4135-4225/ql.

MCX Guar seed futures witnessed firm sentiment with bullish tone. The most active August contract opened weak with a small gap down at Rs 1618 against the previous close of Rs 1624 and traded down initially testing a low of Rs 1608. However, prices recovered thereafter on some buying interest and finally settled at Rs 1641. August contract traded in the range of Rs 1608-1641/ql and the July contract traded in the range of Rs 1580-1603/ql.

PRICE DRIVERS:

1. Normal demand from exporters & millers
2. Lower arrivals in the market
3. Stockiest hoarding
4. IMD downwards its forecast to 93% LPA from 95% for this years monsoon
5. Flood like condition due to heavy rains in Sindh (Pakistan) may damage the crop

WEATHER IMPACT:

IMD predicted fairly widespread rainfalls with isolated heavy fall are likely over south Rajasthan and Gujarat region during next 24 hrs. 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 further recovery in prices. Long lower shadow of the candlestick indicates good buying support at lower level. Closing price is below the 9 and 18 days EMA. MACD is moving steadily up in the negative region. Stochastic is moving downward in the neutral region while RSI is moving upward in the neutral region. Market is expected to trade range bound with firm bias.

OUTLOOK:

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

NCDEX Guar Seed August Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed August.	1650	1664	1679	1731	1748
NCDEX Guar Gum August.	4262	4284	4305	4393	4421
MCX Guar Seed August.	1611	1628	1641	1691	1714

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- August Guar Seed above 1685 with target of 1705 then 1715. Stop loss near 1675.

BUY NCDEX- August Guar Gum above 4320 with target of 4355 then 4371. Stop loss near 4302.5.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

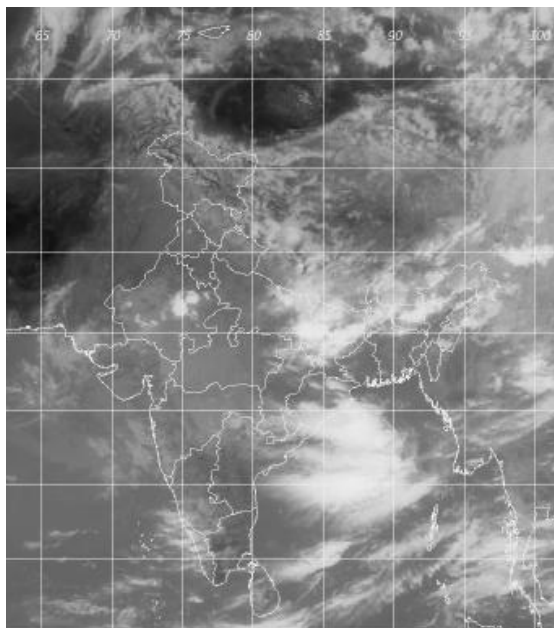
BUY MCX- August Guar Seed above 1649 with target of 1669, then 1679. Stop loss near 1639.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	11.07.07	10.07.07	Change
Guar Seed	Bikaner	1590-1600	1600	-
	Jodhpur	1725-30	1725-30	-
	Nokha	1560-70	1570-80	-10
Guar Gum	Sriganganagar			
	Jodhpur	4300	4275	+25

SATELLITE IMAGE OF MONSOON PROGRESS (as on 11.07.07)



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