

GUAR DAILY

14th, July 2007

SPOT MARKETS:

Guar gum and seed spot prices further rose during the Friday's trade in all the major markets on strong physical demand from the exporters and millers against restricted arrivals. Drizzles over the Guar growing regions in Rajasthan coupled with hoarding by stockiest further imparted bullishness in the market. However, the lower arrivals continued in the markets as stockiest are hoarding stocks in anticipation of price rise. Weather outlook is also favourable for sowing of guar crops in Haryana and north Rajasthan. But heavy rainfall is harmful and may disrupt the sowing as crop is susceptible for water logging. Presently, sowing of guar crops is in full swing in Haryana and Rajasthan. As this crop year received good rainfall, the area under the guar cultivation has been increased and this may also lead to the increase of guar production. However, the factors like stockiest hoarding stocks, lower arrivals and the good demand from the millers may keep the price steady to firm in the short range. 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 26,129 tonnes as on July 12, slightly up from Thursday's stock.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak market sentiment with bearish bias. August contract opened firm at Rs. 1714/mtl, up of Rs. 8 against the previous close of Rs 1706/mtl/ and traded up initially testing a high of Rs. 1737. However, prices traded down thereafter on increased selling pressure at higher level and settled at Rs. 1712. August contract traded in the range of Rs 1688-1737/mtl and the July contract traded in the range of Rs 1666-1707/mtl. 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 1665 against the previous close of Rs 1657 and traded up initially testing a high of Rs 1697. However, some selling pressure pulled down the prices and finally settled at Rs 1669. August contract traded in the range of Rs 1665-1697/mtl and the July contract traded in the range of Rs 1629-1648/mtl. In August contract, volume declined significantly and open interest increased marginally.

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. Expectation of bumper production

WEATHER IMPACT:

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 that prices closed indecisive and above the 9 and 18 days EMA. MACD is moving up in the negative region. Stochastic is about to make a bullish crossover in neutral region whereas RSI is moving up in the neutral region. Market is expected to trade slight weak on opening and trade steady thereafter.

OUTLOOK:

Guar seed futures are expected to trade slight weak on opening and trade steady thereafter.

NCDEX Guar Seed August Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed August.	1677	1690	1712	1733	1745
NCDEX Guar Gum August.	4300	4333	4385	4420	4450
MCX Guar Seed August.	1630	1640	1669	1684	1695

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- August Guar Seed below 1720 with target of 1700 then 1690. Stop loss near 1730.

SELL NCDEX- August Guar Gum below 4400 with target of 4360 then 4340. Stop loss near 4420.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

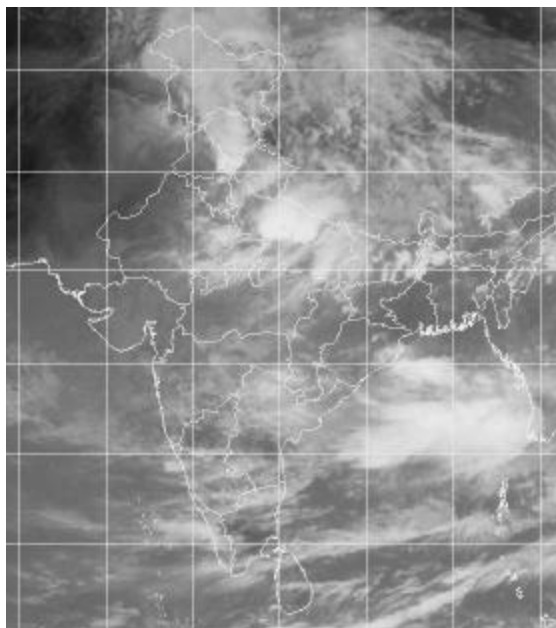
SELL MCX- August Guar Seed below 1673 with target of 1653, then 1643. Stop loss near 1683.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	13.07.07	12.07.07	Change
Guar Seed	Bikaner	1640-50	1610-1630	+20
	Jodhpur	1775-85	1750-60	+25
	Nokha	1630-40	1600-1610	+30
Guar Gum	Sriganganagar			
	Jodhpur	4400	4350	+50

SATELLITE IMAGE OF MONSOON PROGRESS (as on 13.07.07)



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