

GUAR DAILY

24th, July 2007

SPOT MARKETS:

Guar seed spot prices were a tad lower on Monday on normal physical demand against the restricted supply while guar gum spot prices remained unchanged as good export demand continued to boost prices. With expectation of rainfall in coming days over the guar growing region forced the stockist to offload the inventories which further prevented the upward movement of price. Last few days dry spell over the region slowed down the guar sowing process. Traders believe that a good spell of rainfall over the region will help the guar sowing and seed germination process. The early monsoon rainfall in Haryana favoured the guar sowing and this may lead to an increase of 20 per cent acreage as farmers have shifted from other cultivation to guar crops. As per the traders, the guar sowing process has been progressing well in Gujarat, Haryana and MP. However, despite the expectation of good output in the current crop year, the prices are remained range bound due to good export demand combined with demand from the millers and processors. Total arrivals at the major markets of Rajasthan stood at around 2500-3000 bags, remain unchanged from Saturday's, and with no arrival reported in Nokha and Bikaner. Normal overseas demand coupled with cloudy sky over the Rajasthan region 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 at Rs. 1768/mtl, remain unchanged against the previous close of Rs 1768/mtl. Contract then traded down testing a low of Rs. 1735/mtl and finally settled in the negative region. August contract traded in the range of Rs 1735-1768/mtl and the July contract traded in the range of Rs 1700-1730/mtl. In August contract open interest decreased marginally and volume declined marginally.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. The most active August contract opened weak at Rs 1716/mtl against the previous close of Rs 1727/mtl. Contract then traded down testing a low of Rs. 1698/mtl with selling pressure at higher level and finally settled in the negative region. August contract traded in the range of Rs 1698-1716/mtl and the July contract traded in the range of Rs 1661-1684.5/mtl. In August contract, volume declined significantly and open interest declined marginally.

PRICE DRIVERS:

1. Normal overseas demand
2. Restricted arrivals in the market
3. Dry Climate of 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 22nd July, Rain/thundershowers are likely at many places over the region.

TECHNICALS:

A robust bearish candlestick has been formed indicating weakness in prices. Closing price is below the 9 and 18 days EMA's. MACD is making upward movement from the negative region. RSI is falling down in the neutral region and Stochastic has started downward movement in the neutral 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.	1698	1710	1742	1774	1785
NCDEX Guar Gum August.	4395	4410	4475	4530	4548
MCX Guar Seed August.	1650	1660	1698	1720	1733

INTRADAY TRADE RECOMMENDATION (NCDEX):

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

SELL NCDEX- August Guar Gum below 4495 with target of 4455 then 4435. Stop loss near 4515.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

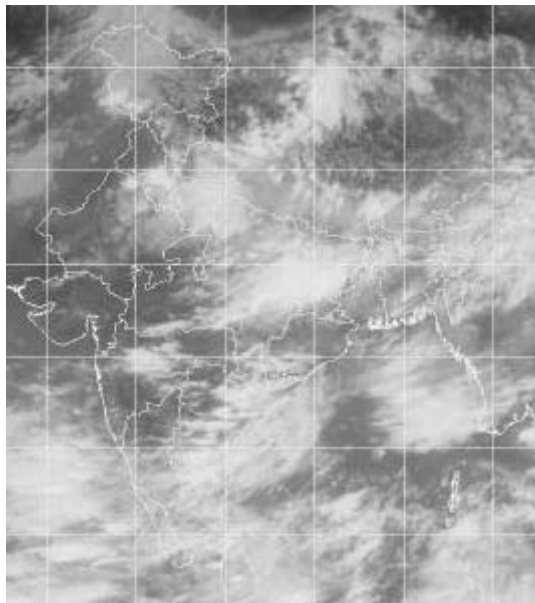
SELL MCX- August Guar Seed below 1700 with target of 1685, then 1670. Stop loss near 1708.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	23.07.07	21.07.07	Change
Guar Seed	Bikaner	1680-90	1700	-10
	Jodhpur	1800	1810-1825	-25
	Nokha	1650-60	1675-80	-20
Guar Gum	Sriganganagar			
	Jodhpur	4525	4525	-

SATELLITE IMAGE OF MONSOON PROGRESS (as on 23.07.07)



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