

GUAR DAILY

6th, July 2007

SPOT MARKETS:

Guar seed and guar gum prices remained unchanged during the Thursday's trade on subdued trading activity. Rains over the Rajasthan region affected trading activity and arrivals in the market. Meanwhile, flood like situation due to heavy rains in Sindh (Pakistan) supported the market sentiment, as it created concerns that the crop may be damaged or the seed may be washed off, which is recently sown, leading decrease in production in Pakistan. In effect, demand for Indian origin is likely to get a boost when the new crop arrives. On other hand, sowing of the crop (Guari) a lower variety of guar seed is picking up pace in Rajasthan, Haryana, Gujarat and Punjab and as per the trade estimates the sowing of guar crop is expected to be undertaken in over 2.50 million ha during the current crop season. Further, mild demand from exporters and millers reported during the Thursday's trade and total arrivals at the majority of markets reported at around 3500-4000 bags. No arrivals reported in Bikaner and Nokha. Moreover, FAO (Food and Agriculture Organization) has warned that the desert locust swarms could cross the Indian Ocean from Ethiopia and Somalia and reach India and Pakistan in next 2-3 days. It is likely to enter India from Gujarat and Rajasthan and nearly all Kharif crops which are sown in these regions are at risk. However, the Rajasthan and Gujarat govt. assured that it is taking all the necessary steps to face a locust threat.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed narrow range bound trade with slightly bullish tone. July contract opened firm at Rs 1673/mt, up Rs 5 against the previous close of Rs 1668/mt and traded down initially testing a low of Rs 1660/mt. However, prices recovered thereafter on renewed buying interest and managed to settle in the positive side. July contract traded in the range of Rs 1660-1679/mt. In July contract volume declined significantly while open interest declined marginally. Guar gum July contract traded in the range of Rs 4200-4280/mt.

MCX Guar seed futures witnessed narrow range bound trade with slightly bullish tone. The most active July contract opened weak at Rs 1630.0 against the previous close of Rs 1536 and traded down initially testing a low of Rs 1621. However, prices recovered on buying interest and settled at Rs 1634.50. July contract traded in the range of Rs 1621.00-1634.50/mt.

PRICE DRIVERS:

1. Mild demand from exporters & millers
2. IMD downwards its forecast to 93% LPA from 95% for this years monsoon
3. Rains over some part of Rajasthan, Haryana & Punjab
4. Expectation of normal to better monsoon
5. Ample stock position in the market
6. Good overseas demand
7. Flood like condition due to heavy rains in Sindh (Pakistan) may damage the crop

WEATHER IMPACT:

SW monsoon further advanced into the rest part of Rajasthan. 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 formed doji pattern which indicate for firmness in market. Momentum indicator MACD and EMA indicate for short-term firmness in prices. Stochastic is rising in the neutral region while RSI is moving flat in the neutral region. Market is expected to trade range bound with firm bias following steady to slightly firm opening.

OUTLOOK:

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

NCDEX Guar Seed July Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------------------|------|------|--------|------|------|
| NCDEX Guar Seed July. | 1651 | 1663 | 1673 | 1722 | 1735 |
| NCDEX Guar Gum July. | 4200 | 4226 | 4260 | 4335 | 4356 |
| MCX Guar Seed July. | 1615 | 1625 | 1634.5 | 1684 | 1697 |

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- July Guar Seed above 1680 with target of 1700 then 1710. Stop loss near 1670.

BUY NCDEX- July Guar Gum below 4268 with target of 4298 then 4313. Stop loss near 4253.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

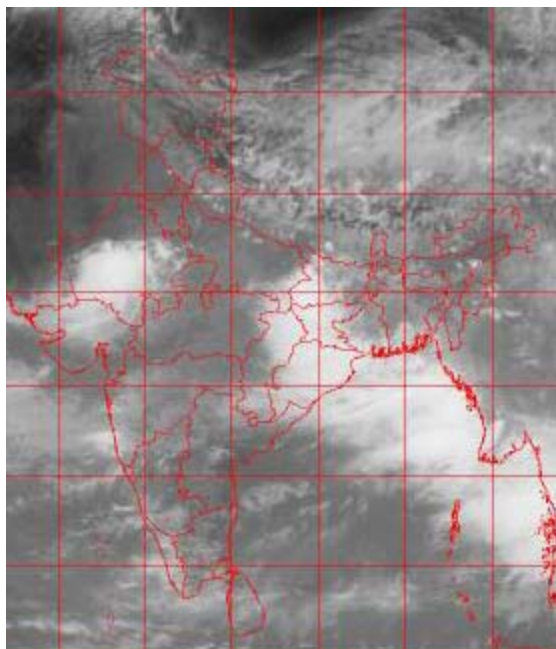
BUY MCX- July Guar Seed above 1640 with target of 1660 then 1670. Stop loss near 1630.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

| Commodity | Centres | 05.07.07 | 04.07.07 | Change |
|-----------|---------------|----------|----------|--------|
| Guar Seed | Bikaner | 1630-35 | 1635 | - |
| | Jodhpur | 1750-60 | 1760 | - |
| | Nokha | 1610 | 1610 | - |
| Guar Gum | Sriganganagar | | | |
| | Jodhpur | 4310 | 4310 | - |

SATELLITE IMAGE OF MONSOON PROGRESS (as on 05.07.07)



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