

GUAR DAILY

28th, July 2007

SPOT MARKETS:

During Friday's trade, the guar spot prices were down on normal demand against restricted supply while guar gum prices remained unchanged from Thursday's price level on normal trading activity. The rain forecast over the region further imparted bearishness in the market as stockists started offloading their inventories in fearing price decline. The crop estimation for this crop year is near about 10 lakh tonnes due to increased acreage and the expectation of good per hectare yield. Market sources reported that despite the expectation of increased output, the prices may unlikely sharply fall down due to good overseas demand. There is a continuous growing demand for India's guar gum and split from the international markets like US, China, EU and Saudi Arab countries and this year's export is expected to increase by 47 per cent to 2.2 lakh tonnes. In the guar cultivation front, the sowing process has been slowed down due to dry spell over the region. Guar is a rain fed crop and it requires time to time showers for its growth. Traders reported that a good spell of rain over the region may pressurize the prices for the downward movement in the short term. Total arrivals at the major markets of Rajasthan stood at around 2000-2500 bags, remain unchanged from Thursday's, and with no arrival reported in Nokha and Bikaner.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. August contract opened weak at Rs. 1780/qty, down of Rs. 6 against the previous close of Rs 1786/qty. Contract then traded down testing a low of Rs. 1750 on increased selling pressure at higher level and settled in the negative region. August contract traded in the range of Rs 1750-1781/qty and the July contract traded in the range of Rs 1700-1730/qty. In August contract open interest decreased marginally and volume decreased significantly.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. The most active August contract opened weak at Rs 1740/qty against the previous close of Rs 1750.5/qty and initially prices traded up testing a high of Rs. 1743/qty. However, the prices traded down thereafter on increased selling pressure at lower level and finally settled in the negative region. August contract traded in the range of Rs 1707-1743/qty and the July contract traded in the range of Rs 1661-1684.5/qty. In August contract, volume increased significantly and open interest increased marginally.

PRICE DRIVERS:

1. Normal overseas demand
2. Restricted arrivals in the market
3. Rainfall over the regions favourable for the guar crops
4. Expectation of increased acreage
5. Production may be around 10 lakh tonnes

WEATHER IMPACT:

As per IMD prediction on 27th July, Rain/thundershowers are likely at a few places over the rest region outside West Rajasthan where it may be isolated.

TECHNICALS:

A bearish candle has formed showing weakness in market sentiment. The prices closed above the 9 days and below the 18 days EMA's. MACD is moving in the neutral region. Stochastic is falling down in the neutral region. RSI has made downward movement in the normal zone indicating weakness in prices. Guar is likely to trade steady with possibility of late upward movement.

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.	1705	1715	1740	1768	1780
NCDEX Guar Gum August.	4370	4406	4465	4530	4565
MCX Guar Seed August.	1670	1680	1707	1730	1740

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- August Guar Seed below 1750 with target of 1730 then 1720. Stop loss near 1765.

BUY NCDEX- August Guar Gum below 4500 with target of 4450 then 4425. Stop loss near 4525.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

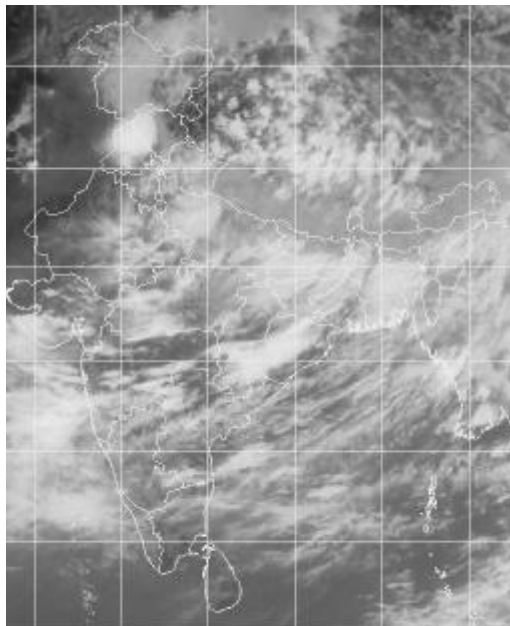
BUY MCX- August Guar Seed below 1715 with target of 1695, then 1685. Stop loss near 1725.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.07.07	26.07.07	Change
Guar Seed	Bikaner	1680-90	1700	-10
	Jodhpur	1810-20	1825-40	-20
	Nokha	1670	1675-90	-20
Guar Gum	Sriganganagar			
	Jodhpur	4575	4575	-

SATELLITE IMAGE OF MONSOON PROGRESS (as on 27.07.07)



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