

## GUAR DAILY

20th, July 2007

### SPOT MARKETS:

In all the major markets, guar seed and gum spot prices were up as normal demand outpaced the lower arrivals during the Thursday's trade. Dry spell over the region in last few days further slowed down the guar sowing process and also imparted bullishness in the prices. Although the traders expect increased output in this crop year due to increased acreage and improved per hectare yield, still they believe a good spell of rain will only steady the sowing process. But in other major producing states like Gujarat and Haryana, the sowing process is in full sowing. The crop, which takes usually 90 days for maturity, has already germinated where early sowing took place. Due to this year's favourable monsoon, traders in Haryana expect the increase of 20 per cent acreage under guar crop. Although the last few days experienced a steady overseas demand, but the traders are confident of the rise of the export demand as countries like US, EU, China, and Saudi Arabia have shown growing interest in India's guar gum split. They expect that the demand can rise by 47 per cent to reach near about 2 lakh tonnes. Total arrivals at the major markets of Rajasthan stood at around 2500-3000 bags, remain unchanged from Tuesday's, and with no arrival reported in Nokha and Bikaner. In short term, the prices are likely to rise against a dry weather over the guar growing region.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. August contract opened firm at Rs. 1733/qtl, up of Rs. 5 against the previous close of Rs 1728/qtl and traded down initially testing a low of Rs. 1718/qtl. However, prices recovered thereafter with some buying interest at lower level and finally settled in the positive side. August contract traded in the range of Rs 1718-1768/qtl and the July contract traded in the range of Rs 1690-1729/qtl. 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 1692 against the previous close of Rs 1686.5 and traded down initially testing a low of Rs. 1672. However, prices recovered thereafter on increased buying interest at lower level and settled in positive territory. August contract traded in the range of Rs 1672-1715/qtl and the July contract traded in the range of Rs 1646-1686/qtl. In August contract, volume increased significantly and open interest increased marginally.

### PRICE DRIVERS:

1. Normal overseas demand
2. Lower arrivals in the market
3. Dry Climate in last few days not favourable for Guar crops
4. Expectation of increased of acreage
5. Production may be around 10 lakh tonnes

### WEATHER IMPACT:

As per IMD prediction on 19<sup>th</sup> July, isolated rain/thundershowers is likely over the north-west region. 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:

Bullish candle pattern shows firmness in market. Closing prices is above the 9 and 18 days EMA. MACD is moving up in the neutral region whereas Stochastic is flatter in the overbought region. RSI is moving upward in the neutral region indicating firmness in prices. Prices may go up following steady to down 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.	1726	1743	1768	1796	1810
NCDEX Guar Gum August.	4400	4430	4490	4580	4610
MCX Guar Seed August.	1680	1691	1713	1742	1760

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**BUY** NCDEX- August Guar Seed above 1760 with target of 1780 then 1790. Stop loss near 1750.

**BUY** NCDEX- August Guar Gum above 4472 with target of 4522 then 4547. Stop loss near 4447.

**Do not carry forward the position until the next day.**

### INTRADAY TRADE RECOMMENDATION (MCX):

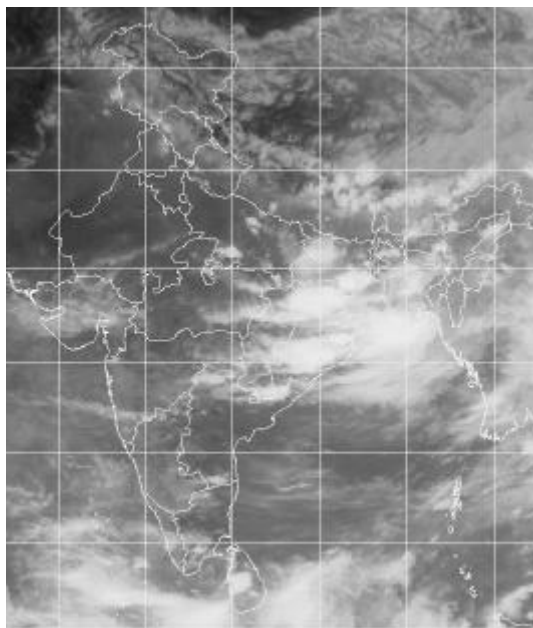
**BUY** MCX- August Guar Seed above 1710 with target of 1730, then 1740. Stop loss near 1700.

**Do not carry forward the position until the next day.**

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	19.07.07	18.07.07	Change
Guar Seed	Bikaner	1690-1700	1630-1635	+65
	Jodhpur	1800-1825	1780-1790	+35
	Nokha	1670-1680	1625-1630	+50
Guar Gum	Sriganganagar			
	Jodhpur	4500-4525	4490	+35

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 19.07.07)



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