

GUAR DAILY

25th, July 2007

SPOT MARKETS:

Guar seed and gum spot prices were a tad lower on Tuesday on normal physical demand against the restricted supply. Rains over the guar growing regions further imparted bearishness in the market as the rain is beneficial for the guar crop, which is mostly in sowing to early growth stage. The rainfall over guar growing regions of Haryana, Gujarat and Rajasthan allowed the stockists to offload the inventories in the fear of further down of the prices as this crop year expects higher output due to increased acreage and increased per hectare yield. However, despite the above bearish factors, the prices may trade little down as good export demand continued to boost prices. India is only second to Pakistan among world's leading guar exporting countries. Guar gum exports in 2006-07 were stood at Rs. 1,275 crore with an annual growth rate of 10 per cent and projected to reach Rs. 2,600 crore by 2011-12. In the meanwhile, Haryana Agriculture Ministry in Hisar will be funded by Ministry of Commerce and Indian Guar Gum Manufacturer's Association for developing varieties of the guar seed, which mature early and yield higher produce. Total arrivals at the major markets of Rajasthan stood at around 2500-3000 bags, remain unchanged from Monday's, and with no arrival reported in Nokha and Bikaner. Normal overseas demand coupled with drizzling over the Rajasthan region may pressurize the guar prices downward movement.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. August contract opened at Rs. 36/qty, down of Rs. 9 against the previous close of Rs 1745/qty and traded up initially testing a high of Rs. 1746/qty. However, the prices traded down thereafter with increased selling pressure at higher level and finally settled in the negative region. August contract traded in the range of Rs 1712-1746/qty and the July contract traded in the range of Rs 1700-1730/qty. In August contract open interest increased marginally and volume also increased marginally.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. The most active August contract opened weak at Rs 1699/qty against the previous close of Rs 1706.5/qty. Contract then traded down testing a low of Rs. 1670/qty on increased selling pressure at higher level and finally settled in the negative region. August contract traded in the range of Rs 1670-1700/qty and the July contract traded in the range of Rs 1661-1684.5/qty. In August contract, volume declined significantly and open interest declined 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 24th July, Rain/thundershowers are likely at many places over rest of the region.

TECHNICALS:

A bearish candle has formed showing bears dominated the market. However, prices closed above the 9 and 18 days EMA's showing some strength in the market. MACD is making upward movement in the negative region. Stochastic is falling down in the neutral region. RSI is falling in normal zone. Guar is likely to trade downwards initially following a steady weak opening with possibility of late upwards 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. | 1670 | 1680 | 1717 | 1750 | 1760 |
| NCDEX Guar Gum August. | 4340 | 4360 | 4417 | 4460 | 4475 |
| MCX Guar Seed August. | 1620 | 1635 | 1670 | 1700 | 1715 |

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- August Guar Seed below 1724 with target of 1704 then 1688. Stop loss near 1734.

SELL NCDEX- August Guar Gum below 4430 with target of 4390 then 4370. Stop loss near 4450.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

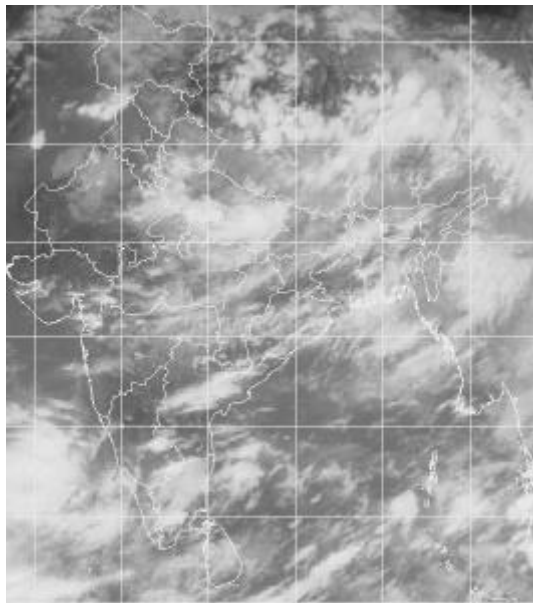
SELL MCX- August Guar Seed below 1680 with target of 1660, then 1650. Stop loss near 1690.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

| Commodity | Centres | 24.07.07 | 23.07.07 | Change |
|-----------|---------------|-----------|----------|--------|
| Guar Seed | Bikaner | 1670-80 | 1680-90 | -10 |
| | Jodhpur | 1790 | 1800 | -10 |
| | Nokha | 1620-30 | 1650-60 | -30 |
| Guar Gum | Sriganganagar | | | |
| | Jodhpur | 4450-4475 | 4525 | -75 |

SATELLITE IMAGE OF MONSOON PROGRESS (as on 24.07.07)



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