

GUAR DAILY

19th, July 2007

SPOT MARKETS:

In all the major markets, guar seed and gum spot prices were down during the Wednesday's trade as lower arrivals offsets weak physical demand. IMD prediction of subdued rainfall over the guar growing region in next 4-5 days further imparted bearishness in the prices. Exporters believe that this year's expected good production is very unlikely will drive the prices in the negative direction. Although the appreciation of rupee against dollar has cast shadow on the margins of the exporters, but the rise of volume in exports is likely to reverse the impact of strong currency. Due to growing demand from the food, textile industries of China, US and EU guar gum split, this year's guar export is likely to increase by 47 per cent to 2.2 lakh tonnes. Trade sources reported that the guar sowing process is in full swing in remaining part of Rajasthan, Gujarat and Haryana. The crop, which takes usually 90 days for maturity, has already germinated where early sowing took place. Traders in Haryana expect the increase of 20 per cent acreage and the expected output is likely to be around 500kg/hectare against last year's 375kg/hectare. Despite the expectation of bumper production, markets continued receiving lower arrivals as stockiest are hoarding the stocks for the expectation of higher price. Further, the guar seed stocks at NCDEX accredited warehouses stood at 25,323 tonnes as on July 17, down from the previous day's stock. Total arrivals at the major markets of Rajasthan stood at around 2500 bags, remain unchanged from Tuesday'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 firm at Rs. 1740/qty, up of Rs. 5 against the previous close of Rs 1735/qty and traded up initially testing a high of Rs. 1755/qty. However, prices traded down thereafter with some selling pressure at higher level and finally settled in the negative side. August contract traded in the range of Rs 1723-1755/qty and the July contract traded in the range of Rs 1693-1717/qty. In August contract open interest decreased slightly and volume increased marginally.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. The most active August contract opened firm at Rs 1697 against the previous close of Rs 1692 and traded up initially testing a high Rs. 1714. However, prices traded down thereafter on some selling pressure at higher level and settled in negative territory. August contract traded in the range of Rs 1680-1714/qty and the July contract traded in the range of Rs 1656-1678.5/qty. In August contract, both volume and open interest increased marginally.

PRICE DRIVERS:

1. Normal overseas demand
2. Lower arrivals in the market
3. Good rain favours Guar cultivation
4. Expectation of increased of acreage
5. Production may be around 10 lakh tonnes

WEATHER IMPACT:

As per IMD prediction on 18th July, subdued rain fall activity is likely over the north-west region in next 4-5 days. 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:

Small bearish candle with upper shadow indicates selling pressure at higher level. MACD is in the positive region and flattered. Stochastic has moved into the overbought region and possibility of corrections. RSI is moving in the neutral region indicating firmness in prices for the short term. Prices may go downward 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.	1685	1700	1726	1750	1770
NCDEX Guar Gum August.	4300	4333	4396	4450	4485
MCX Guar Seed August.	1650	1633	1696	1708	1727

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- August Guar Seed below 1733 with target of 1713 then 1703. Stop loss near 1743.

SELL NCDEX- August Guar Gum below 4410 with target of 4370 then 4350. Stop loss near 4430.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

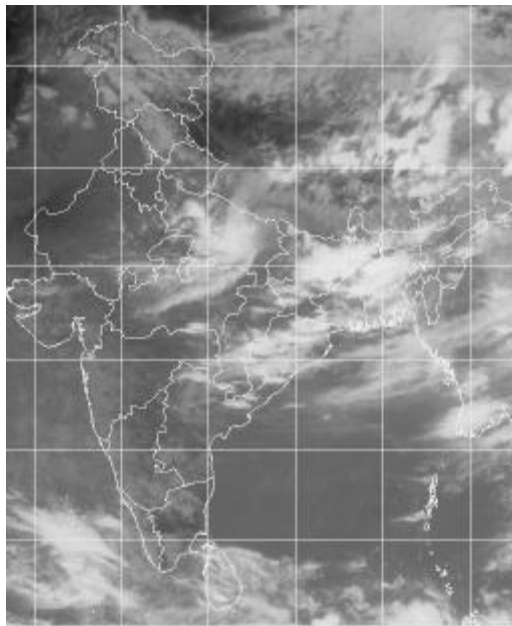
SELL MCX- August Guar Seed below 1690 with target of 1670, then 1660. Stop loss near 1700.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	18.07.07	17.07.07	Change
Guar Seed	Bikaner	1630-35	1650-60	-25
	Jodhpur	1780-90	1800	-10
	Nokha	1625-30	1645-50	-20
Guar Gum	Sriganganagar			
	Jodhpur	4490	4500	-10

SATELLITE IMAGE OF MONSOON PROGRESS (as on 18.07.07)



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