

GUAR DAILY

23rd, August 2007

SPOT MARKETS:

Guar seed and guar gum prices declined at most of the major markets on weak physical demand against slightly improved arrivals. Also the reports of rains over the parts of Western and Central Rajasthan imparted bearishness. Traders offloaded their inventories due to fears of good production, as these rains are beneficial for the growth, yield and productivity of early and recently sown crop, sources reported. But, it would not add to any fresh sowing. It is noted that the sowing is lagging in key guar growing areas in Rajasthan (Jodhpur, Bikaner, Barmer, few parts of Jaisalmer ect.) due to the failure of second spell of monsoon over Rajasthan, which likely to hit the production by 10-15 per cent during the current season in Rajasthan. On other hand, considering the increased acreage in North Rajasthan (Sriganganagar, Hanumangarh few areas in Churu), Punjab, Haryana are likely to compensate the loss to some extent. Thus, considering the above factors, total production this year is likely to decline marginally or remain steady compared to the last year's, which is expected to boost the prices in medium to long-term. However, in short-term rainfall over the Rajasthan and Haryana may pressurize the prices, so it is advisable to keep close look over the rainfall activity. Total arrivals improved marginally from the Tuesday's of 2000-2100 to 2000-25000 bags with no arrivals reported in Bikaner. Nokha received the arrivals of 150 bags.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. October contract opened weak at Rs. 1926/mt, down Rs. 1 against the previous close of Rs 1927/mt and traded up in early hours of trade testing a high of Rs 1954/mt. However, prices tumbled thereafter on increased selling pressure and profit booking coupled with reports of rainfall over the Rajasthan region and tested a low of Rs 1878/mt before it closes at Rs 1891/mt. October contract traded in the range of Rs 1878-1954/mt and September contract traded in the range of Rs 1835-1903/mt. In October contract both open interest and volume increased significantly. Guar gum October contract traded in the range of Rs 4765-4935/mt and September contract traded in the range of Rs 4662-4835/mt.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. October contract opened weak at Rs 1875.0/mt against the previous close of Rs 1878.5/mt and traded up initially testing a high of Rs 1915/mt. However, prices tumbled thereafter on increased selling pressure and profit booking testing a low of Rs 1843/mt before it closes at Rs 1857/mt. September contract traded in the range of Rs 1802.0-1868.0/mt.

PRICE DRIVERS:

1. Quality concerns over Indian guar gum
2. Restricted arrivals in the market due to stockists hoarding
3. Lower stock position in the market
4. Insufficient rains over Rajasthan region.
5. Good physical demand
6. Acreage and production is expected to fall in Rajasthan
7. Total production likely to decline marginally or remain steady compare to last year

WEATHER IMPACT:

IMD predicted for heavy to very heavy rainfall over North Gujarat and South Rajasthan in next 24 hours and decrease thereafter.

TECHNICALS:

Candlestick chart pattern shows weakness in prices. Long upper shadow reflects selling pressure at higher level. MACD & EMA remains bullish for medium term. Both Stochastic and RSI is moving down in the neutral region. Market is expected to trade down with possibility of late upward movement.

OUTLOOK:

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

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Oct.	1834	1843	1891	1895	1907
NCDEX Guar Gum Oct.	4690	4709	4780	4796	4805
MCX Guar Seed Oct.	1807	1816	1857	1861	1871

INTRADAY TRADE RECOMMENDATION (NCDEX):

Sell NCDEX- October Guar Seed below 1884 with target of 1864 then 1854. Stop loss near 1894.

Sell NCDEX- October Guar Gum below 4765 with target of 4735 then 4725. Stop loss near 4780.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

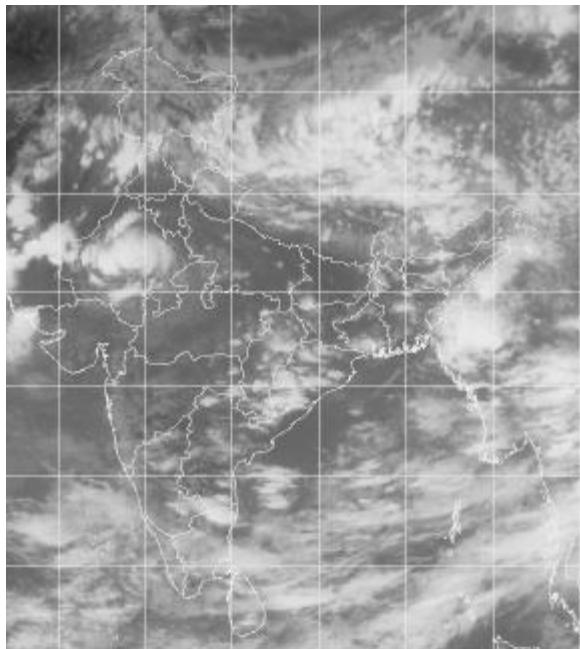
Sell MCX- October Guar Seed below 1849 with target of 1829. Stop loss near 1859.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	22.08.07	21.08.07	Change
Guar Seed	Bikaner	1810	1830-35	-25
	Jodhpur	1860	1880-90	-30
	Nokha	1780	1800	-20
Guar Gum	Sriganganagar			
	Jodhpur	4750-75	4825-50	-75

SATELLITE IMAGE OF MONSOON PROGRESS (as on 22.08.07)



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