

GUAR DAILY

6th, August 2007

SPOT MARKETS:

Guar seed and guar gum prices improved at most of the major markets in Rajasthan on good physical demand against lower arrivals. Sources reported of good demand from millers as well as exporters during the Saturday's trade at lower price level whereas the supplies remained lower due to stockists hoarding, which boosted the sentiment. However, rain forecast over Rajasthan by IMD on August 8th onwards likely to impart bearishness. Meanwhile, the continued debate in EU countries over quality concern of Indian guar gum are likely to affect India's export markets. The food additive supplied by the Swiss manufacturing giant, Unipektin to 10 EU countries along with Australia and Japan may raise issues about higher toxicity levels in Indian guar gum. The European Commission informed the investigating agency to enquire about the presence of toxic chemical (dioxin & pentachlorophenol) in guar gum, used in pre-prepared foods as a thickening agent. As a precautionary measure, EU requested its member states to identify, hold and test all batches of guar gum imported from an Indian supplier. The agency is also investigating whether any affected material has been supplied and used in UK. The Swiss company has sent a team to India for inspection. Total arrivals at the majority of markets reportedly stood at 2000-2500 bags. No arrivals reported in Nokha and Bikaner.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. The most active September contract opened firm with a small gap up at Rs. 1690/qrtl, up Rs. 5 against the previous close of Rs 1685/qrtl. Contract then traded up testing a high of Rs 1730/qrtl on renewed buying interest and short covering. However, some selling pressure witnessed at higher prices level before it closes at Rs 1714/qrtl. September contract traded in the range of Rs 1690-1730/qrtl and August contract traded in the range of Rs 1660-1700/qrtl. In September contract both open interest and volume declined. Guar gum September contract traded in the range of Rs 4352-4410/qrtl and August contract traded in the range of Rs 4267-4322/qrtl.

MCX Guar seed futures witnessed firm sentiment with bullish tone. September contract opened weak at Rs 1680/qrtl against the previous close of Rs 1681.5/qrtl. Contract then traded up on renewed buying interest and short covering and tested a high of Rs 1709/qrtl before it closes at Rs 1696.5/qrtl. September contract traded in the range of Rs 1680.0-1709.0/qrtl and August contract traded in the range of Rs 1665.5-1676.0/qrtl.

PRICE DRIVERS:

1. Quality concerns over Indian guar gum
2. Restricted arrivals in the market due to stockists hoarding
3. Forecast of rains over Rajasthan, favourable for the guar sowing
4. Expectation of increased acreage
5. Production is expected to touch 10 lakh tonnes

WEATHER IMPACT:

As per IMD prediction, Rains are likely over Rajasthan on August 8th onwards.

TECHNICALS:

A hollow candle formed with long upper shadow, which reflected selling pressure at higher level. EMA and MACD indicate for further bearishness. Stochastic is falling in neutral region while RSI turned up in the neutral region. Market is expected to trade range bound with weak bias.

OUTLOOK:

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

NCDEX Guar Seed September Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Sept.	1660	1670	1714	1730	1740
NCDEX Guar Gum Sept.	4300	4319	4390	4400	4411
MCX Guar Seed Sept.	1656	1666	1696.5	1712	1720

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- September Guar Seed below 1710 with target of 1690 then 1680. Stop loss near 1720.

SELL NCDEX- September Guar Gum below 4382 with target of 4352 then 4342. Stop loss near 4397.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

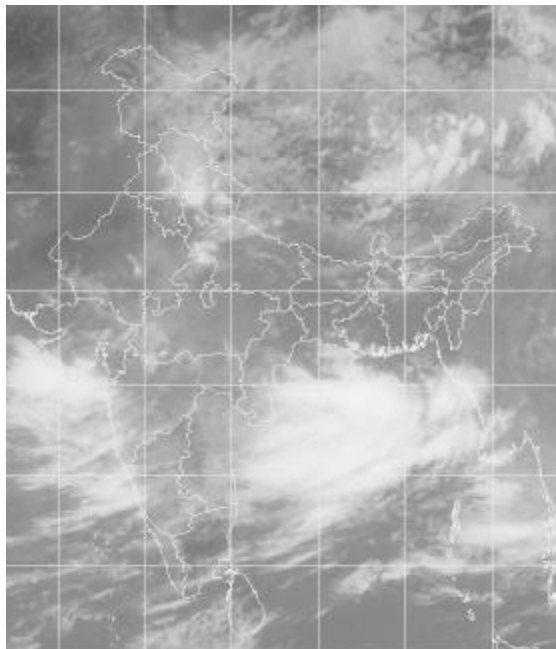
SELL MCX- September Guar Seed below 1700 with target of 1685 then 1675. Stop loss near 1708.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.08.07	03.08.07	Change
Guar Seed	Bikaner	1690-1700	1680	+20
	Jodhpur	1780	1750-60	+20
	Nokha	1680	1650	+20
Guar Gum	Sriganganagar			
	Jodhpur	4450	4350	+100

SATELLITE IMAGE OF MONSOON PROGRESS (as on 04.08.07)



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