

GUAR DAILY

20th, August 2007

SPOT MARKETS:

Guar seed and guar gum prices recovered marginally at most of the major mandis in Rajasthan on some demand from millers and exporters coupled with good demand for Churi and Korma (by-product of guar seed). Further, sources, reported that the supplies in market are insufficient to fulfill demand as stockists holding back stocks in expectation of price rise. Also it was reported that the stock position is low in the market. On other hand, continued dry spell over the Rajasthan region and expectation of fall in acreage and production, as the possibility of further sowing is very less, adds bullishness. Meanwhile the early sown guar crop is in vegetative stage in few areas in Rajasthan and need intermittent rains (where the irrigation facility is not available) in 2-3 stages for its further growth, as guar mainly a rain fed crop. Lack of rainfall over the region may hamper the crop growth, yield and productivity. Thus, considering the above factors, prices are likely to remain firm in coming days. Overall arrival stood steady at 2000-2500 bags with no arrival reported at Bikaner and Nokha.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed range bound trade with bullish tone. The most active September contract opened firm at Rs. 1834/mtl, up Rs. 7 against the previous close of Rs 1827/mtl and traded up initially testing a high of Rs 1846/mtl. However, prices traded down thereafter on some selling pressure and profit taking at higher level testing a low of Rs 1825/mtl before it closes at Rs 1829/mtl. September contract traded in the range of Rs 1825-1846/mtl and August contract traded in the range of Rs 1788-1806/mtl. In September contract both open interest and volume declined. Guar gum September contract traded in the range of Rs 4632-4674/mtl and August contract traded in the range of Rs 4549-4578/mtl.

MCX Guar seed futures witnessed narrow range bound trade with bullish tone. September contract opened weak at Rs 1790.0/mtl against the previous close of Rs 1792.5/mtl and traded down initially testing a low of Rs 1785.0/mtl. However, prices recovered thereafter on some buying interest testing a high of Rs 1800.0/mtl before it closes at Rs 1793.0/mtl. August contract traded in the range of Rs 1750.0-1771.5/mtl.

PRICE DRIVERS:

1. Rainfall activity likely to remain highly subdued in NW & Central part on India
2. Quality concerns over Indian guar gum
3. Restricted arrivals in the market due to stockists hoarding
4. Clear weather across the 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:

Clear weather across the Rajasthan region.

TECHNICALS:

Candlestick chart shows indecision in market. Prices managed to close above the EMAs indicating firmness still remains in the market. MACD remains in the neutral region. Stochastic is moving downward in the neutral region while RSI is moving flat in the neutral region. Market is expected to trade range bound with firm bias.

OUTLOOK:

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

NCDEX Guar Seed September Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Sept.	1810	1821	1829	1885	1895
NCDEX Guar Gum Sept.	4600	4616	4632	4709	4724
MCX Guar Seed Sept.	1771	1782	1793	1832	1842

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- September Guar Seed above 1832 with target of 1855 then 1865. Stop loss near 1820.

BUY NCDEX- September Guar Gum above 4643 with target of 4673 then 4688. Stop loss near 4628.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

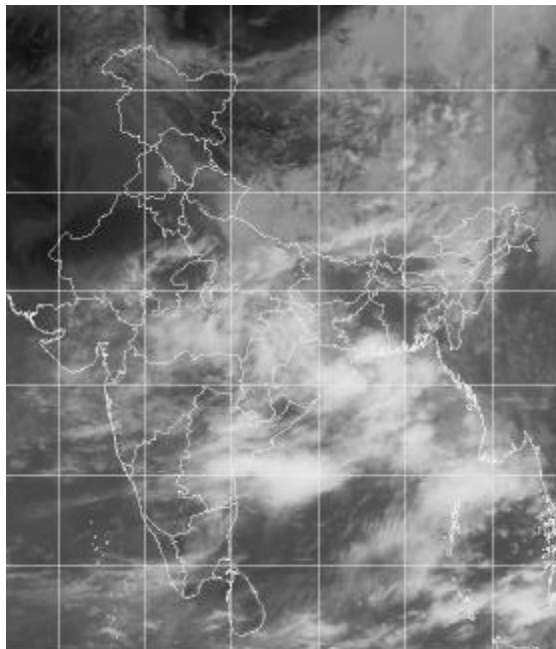
BUY MCX- September Guar Seed above 1800 with target of 1822. Stop loss near 1789.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	18.08.07	17.08.07	Change
Guar Seed	Bikaner	1755-60	1750-55	+5
	Jodhpur	1850	1830-40	+10
	Nokha	1730	1725	+5
Guar Gum	Sriganganagar			
	Jodhpur	4675-90	4680	+10

SATELLITE IMAGE OF MONSOON PROGRESS (as on 18.08.07)



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