

GUAR DAILY

22nd, August 2007

SPOT MARKETS:

Amidst good physical demand against lower arrivals the prices of both guar seed and guar gum shoot up during the Tuesday's trade. Reports of drizzles over Jodhpur, Bikaner, Jaisalmer etc. affected the arrivals, which imparted bullishness. Though these rains would not add to any fresh sowing, but are beneficial for early sown crop. Also lower stock position in market and expectation of lower production in Rajasthan coupled with expectation of lower carry forward stock this year further imparted bullishness. Further, IMD predicted for heavy to very heavy rainfall over Gujarat, Saurashtra & Kutch and South Rajasthan in next 24 hours. It is noted that the early sown guar crop is in vegetative stage in Gujarat and very heavy rainfall may harm the crop as guar is susceptible to water logging, whereas in South Rajasthan guar cultivation is very less or nil, so there would be not much impact on crop as well as on prices. Good demand from millers and exporters was reported at lower price level, with continuous reports of stockists hoarding. Total arrivals declined marginally from the Monday's level of 2000-2500 to 2000-2100 bags. No arrivals reported in Nokha and Bikaner.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. September contract opened firm at Rs. 1799/mt, up Rs. 1 against the previous close of Rs 1798/mt. Contract then traded up on renewed buying interest hitting 4 per cent upper circuit and tested a high of Rs 1885/mt before it closes at Rs 1884/mt up 4.78 per cent. September contract traded in the range of Rs 1799-1885/mt. In September contract both open interest and volume declined. Guar gum September contract traded in the range of Rs 4595-4795/mt.

MCX Guar seed futures witnessed firm sentiment with bullish tone. September contract opened firm at Rs 1797.0/mt against the previous close of Rs 1780.0/mt. Contract then traded up on increased buying interest testing a high of Rs 1849.5/mt, up 3.90 per cent and finally settled at today's high. September contract traded in the range of Rs 1797.0-1849.5/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 Gujarat, Saurashtra & Kutch and South Rajasthan in next 24 hours.

TECHNICALS:

A long bullish candlestick (Morobozu) is formed indicating firmness in prices. Prices closed well above the EMAs indicating further firmness in prices. MACD is turned up in the neutral region. Stochastic is moving down in the neutral region while RSI turned up in the neutral region. Market is expected to trade up following a steady to slightly firm opening.

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.	1869	1875	1884	1935	1950
NCDEX Guar Gum Sept.	4764	4777	4780	4875	4890
MCX Guar Seed Sept.	1833	1843	1849.5	1900	1910

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- September Guar Seed above 1890 with target of 1910 then 1920. Stop loss near 1880.

BUY NCDEX- September Guar Gum above 4805 with target of 4835 then 4850. Stop loss near 4790.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

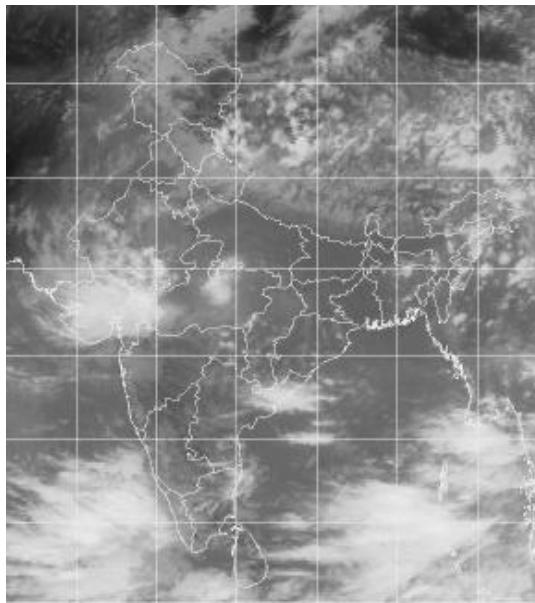
BUY MCX- September Guar Seed above 1858 with target of 1883. Stop loss near 1846.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	21.08.07	20.08.07	Change
Guar Seed	Bikaner	1830-35	1740-45	+90
	Jodhpur	1880-90	1830	+60
	Nokha	1800	1715	+85
Guar Gum	Sriganganagar			
	Jodhpur	4825-50	4600-25	+225

SATELLITE IMAGE OF MONSOON PROGRESS (as on 21.08.07)



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