

## GUAR DAILY

14th, August 2007

### SPOT MARKETS:

Amidst good physical demand against lower arrival the prices of both guar seed and guar gum improved at most of the major markets in Rajasthan. Lower stock position in exchange warehouses coupled with clear weather across the Rajasthan region further added bullishness. Sources, reported that the guar sowing is lagging in Rajasthan's key growing areas (Bikaner, Barmer, Nokha and Jodhpur) due to insufficient or no rainfall in the region. It is also reported that the sowing of guar is covered in 50% area in Churu belt. The sowing in Rajasthan extends up to 15 August and no sowing will take place thereafter. In Haryana, sowing is up by around 20-25% as compared to last years and production is also expected to go up. Production in Gujarat is expected to remain steady during the current crop season. Rajasthan is the largest guar producing state and accounts for 70% of the production in India followed by Haryana and Gujarat 12% and 11% respectively. But this year production is expected to fall in Rajasthan as the sowing of guar is lagging in key areas due to insufficient / absence of monsoon rains. Further, good demand from millers and exporters reported during the Monday's trade. Thus, considering all the above factors prices are expected to remain firm in short-medium term. Total arrivals at the majority of markets stood steady at 2000-2300 bags with no arrivals reported in Bikaner and Nokha.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. The most active September contract opened firm at Rs. 1818/qty, up Rs. 7 against the previous close of Rs 1811/qty and traded down initially testing a low of Rs 1814/qty. However, prices recovered thereafter on increased buying interest coupled with reports of clear weather across the Rajasthan region and tested a high of Rs 1884/qty hitting 4 per cent upper circuit before it closes at Rs 1871/qty. September contract traded in the range of Rs 1814-1884/qty and August contract traded in the range of Rs 1776-1846/qty. In September contract both open interest and volume increased significantly. Guar gum September contract traded in the range of Rs 4600-4775/qty and August contract traded in the range of Rs 4525-4674/qty.

MCX Guar seed futures witnessed traded firm following a firm opening. September contract opened firm at Rs 1776.0/qty against the previous close of Rs 1773.5/qty and traded down testing a low of Rs 1771.0/qty. However, recovered thereafter on increased buying interest testing a high of Rs 1842/qty before it closes at Rs 1841.5/qty. August contract traded in the range of Rs 1736.0-1801.5/qty.

### PRICE DRIVERS:

1. Quality concerns over Indian guar gum
2. Restricted arrivals in the market due to stockists hoarding
3. Clear weather across the Rajasthan region.
4. Monsoon rains are expected to remain subdued in next 2-3 days.
5. Good physical demand
6. Expectation of increased acreage
7. Production is expected to touch 10 lakh tonnes

### WEATHER IMPACT:

Clear weather across the Rajasthan region.

### TECHNICALS:

A long hollow candlestick is formed breaking the trend line and indicating firm market. MACD and EMA remains firm for the medium-term. MACD is moving upward in the neutral region. Stochastic and RSI is moving upward in the neutral region. Both stochastic and RSI is about to enter in the overbought region. Market is expected to trade up following a steady to slightly firm opening.

### OUTLOOK:

Guar seed futures are expected to trade upward following steady to slightly firm opening.

### NCDEX Guar Seed September Contract:



### SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Sept.	1853	1869	1871	1920	1935
NCDEX Guar Gum Sept.	4722	4737	4742	4820	4835
MCX Guar Seed Sept.	1817	1829	1841.5	1883	1900

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**BUY** NCDEX- September Guar Seed above 1879 with target of 1899 then 1909. Stop loss near 1869.

**BUY** NCDEX- September Guar Gum above 4760 with target of 4790 then 4805. Stop loss near 4745.

**Do not carry forward the position until the next day.**

### INTRADAY TRADE RECOMMENDATION (MCX):

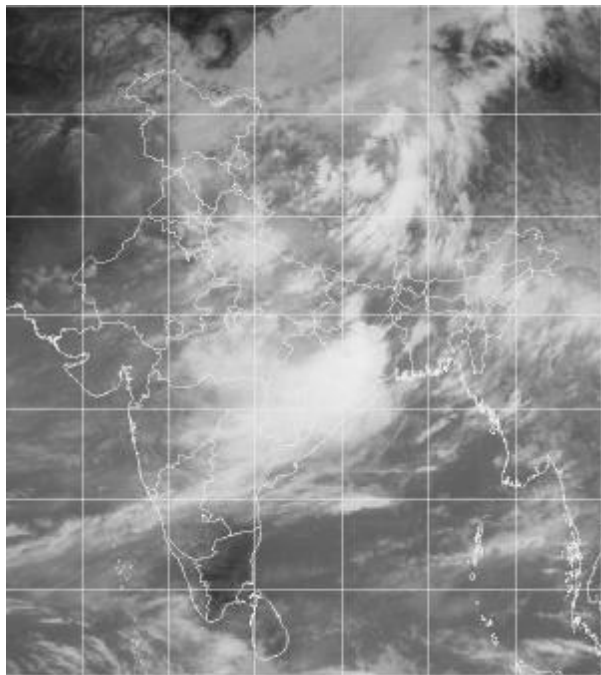
**BUY** MCX- September Guar Seed above 1872 with target of 1872. Stop loss near 1842.

**Do not carry forward the position until the next day.**

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	13.08.07	11.08.07	Change
Guar Seed	Bikaner	1755	1715	+40
	Jodhpur	1875-90	1850	+40
	Nokha	1735-40	1700	+40
Guar Gum	Sriganganagar			
	Jodhpur	4725-50	4660-70	+85

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 13.08.07)



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