

## GUAR DAILY

4th, August 2007

### SPOT MARKETS:

Amidst forecast of rainfall over Rajasthan, Haryana and Gujarat coupled with slight drizzles over Bikaner and Nokha the prices of both guar seed and guar gum crashed at the majority of markets during the Friday's trade. As per the IMD rains are likely over south Rajasthan during 8<sup>th</sup> - 11<sup>th</sup> August, which imparting bearishness as it favours guar cultivation. It also predicted for isolated very heavy rainfall over Haryana where the crop is in vegetative stage. It is noted that guar is susceptible to water logging and water logging at any stage is harmful for the crop, which may impart bullishness. Traders continue to offload their inventories in expectation of bumper production during the current crop season. Other fundamental (demand-supply & stock position in warehouses) favours for the bullish market sentiment. Thus, considering the factor prices are likely to remain slightly weak due to expectation of rains over the key guar growing region Rajasthan. Total arrivals at the majority of markets reportedly stood at around 2000-2500 bags with no arrivals reported in Bikaner and Nokha.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. The most active September contract opened weak at Rs. 1764/qrtl, down Rs. 4 against the previous close of Rs 1768/qrtl. Contract then traded down on increased selling pressure coupled with prediction of rains over Rajasthan and settled at Rs 1679/qrt down 5.03% from the previous closing price. September contract traded in the range of Rs 1677-1764/qrtl and August contract traded in the range of Rs 1647-1725/qrtl. In September contract open interest declined marginally while volume increased significantly. Guar gum September contract traded in the range of Rs 4301-4510/qrtl and August contract traded in the range of Rs 4235-4469/qrtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. September contract opened weak with gap down at Rs 1709/qrtl against the previous close of Rs 1744.5/qrtl and traded up initially testing a high of Rs 1714/qrt'. However, prices tumbled on increased selling pressure and settled down at Rs 1676/qrtl. September contract traded in the range of Rs 1676.0-1714.0/qrtl and August contract traded in the range of Rs 1643.5-1710.0/qrtl.

### PRICE DRIVERS:

1. Good overseas & mild domestic demand
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, Rain/thundershowers are likely over the East Rajasthan and isolated over the rest region.

### TECHNICALS:

A consecutive long bearish candlestick formed breaking the trend line and indicating weakness in market. Prices closed far below the EMA's which indicate further weakness in prices. MACD has made bearish cross over in neutral region. Stochastic has also made bearish cross over while RSI is about to enter in the over sold region. Market is expected to trade down following a steady to slightly weak 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.	1625	1634	1679	1686	1691
NCDEX Guar Gum Sept.	4219	4233	4302	4320	4337
MCX Guar Seed Sept.	1619	1630	1676	1684	1693

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**SELL** NCDEX- September Guar Seed below 1672 with target of 1652 then 1642. Stop loss near 1682.

**SELL** NCDEX- September Guar Gum below 4295 with target of 4265 then 4250. Stop loss near 4310.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

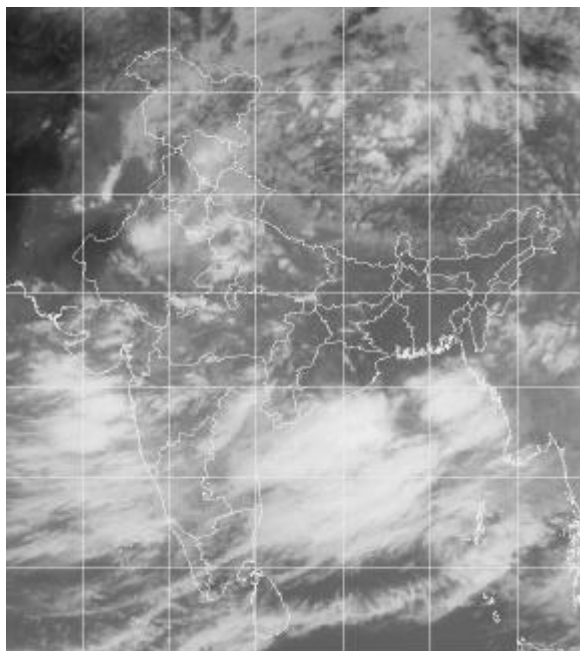
**SELL** MCX- September Guar Seed below 1670 with target of 1650. Stop loss near 1680.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	03.08.07	02.08.07	Change
Guar Seed	Bikaner	1680	1710	-30
	Jodhpur	1750-60	1800	-40
	Nokha	1650	1670-80	-30
Guar Gum	Sriganganagar			
	Jodhpur	4350	4525-50	-200

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 03.08.07)



### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd