

## GUAR DAILY

27th, August 2007

### SPOT MARKETS:

Guar seed and guar gum prices declined further at most markets in Rajasthan on subdued trading activity against steady arrivals. Reports of drizzles over Haryana coupled with talks in the market that Hungary rejected the consignment of Indian guar gum and unconfirmed reports of further sowing in Jodhpur, Jaisalmer and Bikaner imparted bearishness in the market. Exporter's activity remained silent in the market during the Saturday's trade while mild demand from miller / processors was reported at lower prices. Meanwhile, a European Union (EU) team will reach India on 3rd September to assess the facilities available with the manufacturers for testing guar gum. The team will test the existence of dioxin and pentachlorophenol, a carcinogenic chemical in the Indian guar gum. From the Indian side, state-run Shellac and Forest Products Export Promotion Council (SHEFEXIL), which promotes guar gum exports, has identified Vimta specialities, the only guar gum testing laboratory in India, to identify dioxin presence. The EU intervention may affect exporters who have no proper processing and certification, which further imparted bearish tone in the market. Arrivals at the various markets of Rajasthan stood steady at 1900-2000 bags with no arrivals reported in Bikaner and Nokha.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. October contract opened weak at Rs. 1891/qrtl, down Rs. 7 against the previous close of Rs 1898/qrtl. Contract then traded down in increased selling pressure testing a low of Rs 1823/qrtl and settled at Rs 1844/qrtl, down 2.85 Per cent. October contract traded in the range of Rs 1823-1891/qrtl and September contract traded in the range of Rs 1781-1848/qrtl. In October contract both open interest and volume declined. Guar gum October contract traded in the range of Rs 4587-4760/qrtl and September contract traded in the range of Rs 4505-4661/qrtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. October contract opened weak at Rs 1840.0/qrtl against the previous close of Rs 1864.5/qrtl. Contract then traded down on increased selling pressure testing a low of Rs 1790.0/qrtl before it closes at Rs 1800.0/qrtl, down 3.46 per cent. September contract traded in the range of Rs 1750.0-1811.0/qrtl.

### PRICE DRIVERS:

1. Reports of rains & drizzles over the Rajasthan region
2. Quality concerns over Indian guar gum
3. Restricted arrivals in the market due to stockists hoarding
4. Lower stock position in the market
5. Insufficient rains over Rajasthan region.
6. Good physical demand
7. Acreage and production is expected to fall in Rajasthan
8. Total production likely to decline marginally or remain steady compare to last year

### WEATHER IMPACT:

Clear weather across the Rajasthan region.

### TECHNICALS:

A long dark candlestick is formed indicating weakness in prices. MACD & EMA remains bearish for medium term. MACD has made bearish crossover in neutral region. Stochastic is moving down in neutral region following a bearish crossover and RSI is deep in the neutral region. Market is expected to trade down with possibility of late upward movement.

### OUTLOOK:

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

### NCDEX Guar Seed October Contract:



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

| Contract             | S2   | S1   | PCP  | R1   | R2   |
|----------------------|------|------|------|------|------|
| NCDEX Guar Seed Oct. | 1790 | 1800 | 1844 | 1862 | 1873 |
| NCDEX Guar Gum Oct.  | 4571 | 4583 | 4655 | 4665 | 4680 |
| MCX Guar Seed Oct.   | 1753 | 1764 | 1800 | 1806 | 1817 |

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**Sell** NCDEX- October Guar Seed below 1840 with target of 1822 then 1813. Stop loss near 1849.

**Sell** NCDEX- October Guar Gum below 4639 with target of 4613 then 4600. Stop loss near 4652.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

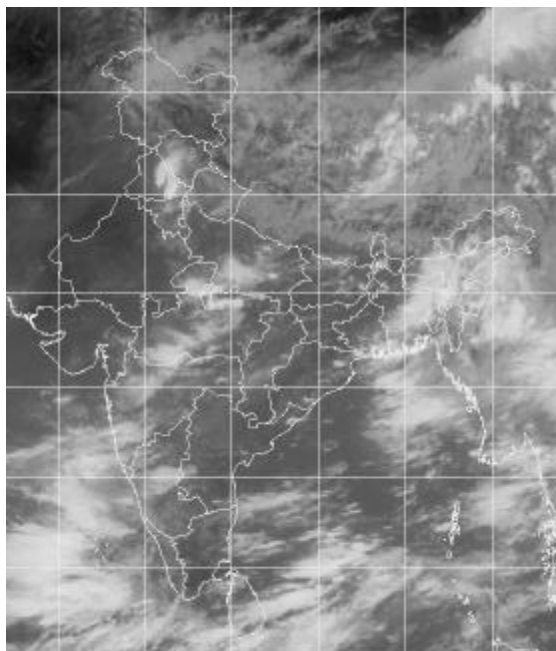
**Sell** MCX- October Guar Seed below 1795 with target of 1773. Stop loss near 1806.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

| Commodity | Centres       | 25.08.07 | 24.08.07  | Change |
|-----------|---------------|----------|-----------|--------|
| Guar Seed | Bikaner       | 1770-80  | 1790-1800 | -20    |
|           | Jodhpur       | 1820     | 1840-50   | -30    |
|           | Nokha         | 1740-50  | 1760-70   | -20    |
| Guar Gum  | Sriganganagar |          |           |        |
|           | Jodhpur       | 4650-75  | 4750      | -75    |

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 25.08.07)



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