

## GUAR DAILY

16th, August 2007

### SPOT MARKETS:

Both guar seed and guar gum continued to trade firm at most of the major markets in Rajasthan on good physical demand against lower arrivals coupled with lower stocks in warehouses. Dry spell over the Rajasthan region further imparted bullishness during the Tuesday's trade, as it hinders the sowing of guar in rest part of West and Central Rajasthan. IMD on August 14 predicted for rains and thundershower over the region. But, as per the sources it hardly adds to the acreage as the possibility of sowing of the commodity is very less after August 15<sup>th</sup>. The sowing in Rajasthan generally extends up to 15 August. This year's production is also expected to fall in Rajasthan as the sowing is lagging in key guar growing areas (Jodhpur, Bikaner, Nokha, Barmer etc.) due to absence or insufficient rainfall. Good demand from millers and exporters were reported in the market with some reports of stockists hoarding. Total arrivals at the majority of markets reportedly stood at 2000-2300 bags with no arrivals reported in Bikaner and Nokha. Thus, prices are expected to remain in coming days.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed lackluster trade. The most active September contract opened weak at Rs. 1870/qrtl, down Rs. 5 against the previous close of Rs 1875/qrtl and traded down initially testing a low of Rs 1855/qrtl. However, prices recovered thereafter on increased buying interest coupled with reports of clear weather across the Rajasthan region and tested a high of Rs 1895/qrtl before it closes at 1865/qrtl on profit taking. September contract traded in the range of Rs 1855-1895/qrtl and August contract traded in the range of Rs 1811-1850/qrtl. In September contract both open interest and volume declined significantly. Guar gum September contract traded in the range of Rs 4695-4780/qrtl and August contract traded in the range of Rs 4550-4670/qrtl.

MCX Guar seed futures witnessed lackluster trade. September contract opened weak at Rs 1815.0/qrtl against the previous close of Rs 1833.0/qrtl and traded down testing a low of Rs 1814.0/qrtl. However, recovered thereafter on increased buying interest testing a high of Rs 1841/qrtl before it closes at Rs 1814.0/qrtl on profit taking. August contract traded in the range of Rs 1790.0-1809.0/qrtl.

### 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:

IMD predicted for rains and thundershowers over the Rajasthan region.

### TECHNICALS:

Candlestick chart pattern shows indecisive market. Prices closed well above the EMAs indicating firmness in prices. MACD remains in the neutral region. Stochastic entered in the overbought region while RSI is turned downward in the neutral region. Overall trend remain bullish. 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.	1846	1856	1865	1920	1935
NCDEX Guar Gum Sept.	4691	4706	4723	4800	4820
MCX Guar Seed Sept.	1805	1815	1814	1855	1869

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**BUY** NCDEX- September Guar Seed above 1872 with target of 1892 then 1902. Stop loss near 1862.

**BUY** NCDEX- September Guar Gum above 4737 with target of 4767 then 4782. Stop loss near 4721.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

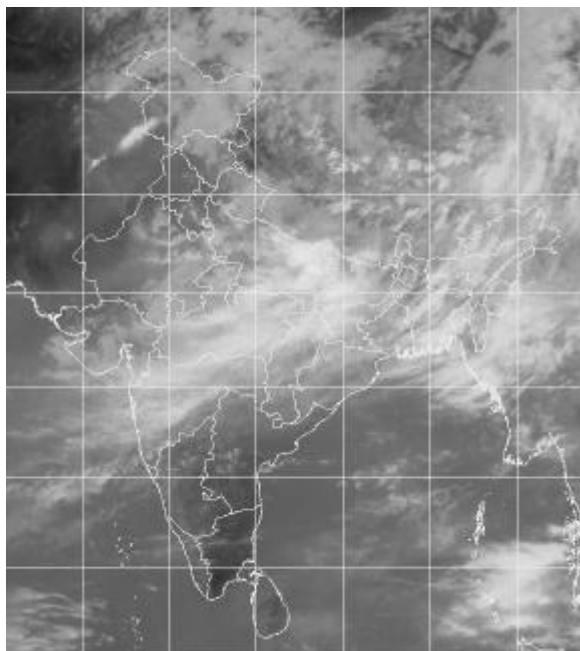
**BUY** MCX- September Guar Seed above 1824 with target of 1844. Stop loss near 1814.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	14.08.07	13.08.07	Change
Guar Seed	Bikaner	1790	1755	+35
	Jodhpur	1890-95	1875-80	+15
	Nokha	1755	1735-40	+15
Guar Gum	Sriganganagar			
	Jodhpur	4760-70	4725-50	+20

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 14.08.07)



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