

GUAR DAILY

2nd, August 2007

SPOT MARKETS:

Guar seed and guar gum prices at Jodhpur market eased during the Wednesday's trade due to expectation of rains over the Rajasthan region coupled with subdued trading activity, while remained unchanged in Bikaner and Nokha markets on normal demand-supply situation. IMD on August 1st announced that rains and thundershowers are likely over the East and rest part of Rajasthan. These rains would favour the guar cultivation in key guar growing areas in Rajasthan and traders offloaded their inventories in fears of rains and expectation of bumper production, which imparted bearishness in the market. It is noted that the sowing of the commodity is done only in few places in Rajasthan (Sriganganagar and Hanumangarh) and in rest part it is likely to start after the second spell of monsoon rains. Some demand from millers / processors and exporters reported at lower price level during the Wednesday's trade. Rest of the fundamentals remains bullish in the market. 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 firm at Rs. 1845/qrtl, up of Rs. 8 against the previous close of Rs 1837/qrtl and traded up initially testing a high of Rs 1849/qrtl. However, prices tumbled on increased selling pressure and expectation of rains over the Rajasthan region and tested a low of Rs 1808/qrtl and finally settled in the negative side. September contract traded in the range of Rs 1808-1849/qrtl and August contract traded in the range of Rs 1768-1800/qrtl. In September contract open interest increased while volume declined. Guar gum September contract traded in the range of Rs 4613-4695/qrtl and August contract traded in the range of Rs 4476-4570/qrtl.

MCX Guar seed futures witnessed narrow range bound trade with bearish undertone. September contract opened weak at Rs 1783/qrtl against the previous close of Rs 1795/qrtl and traded up initially testing a high of Rs 1785/qrtl. However, prices eased thereafter on selling pressure and finally settled in the negative side. September contract traded in the range of Rs 1770.0-1785.0/qrtl and August contract traded in the range of Rs 1733.0-1754.0/qrtl.

PRICE DRIVERS:

1. Good overseas & mild domestic demand
2. Restricted arrivals in the market due to stockists hoarding
3. Expected Rainfall over the West 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:

Candlestick chart pattern shows weakness in market. Both MACD and EMA indicate for firmness in short and medium term. Stochastic is moving upward in neutral region while RSI turned down in the neutral region. Overall trend remains 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.	1795	1810	1820	1861	1882
NCDEX Guar Gum Sept.	4621	4634	4638	4690	4700
MCX Guar Seed Sept.	1760	1770	1780	1813	1831

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- September Guar Seed above 1824 with target of 1839 then 1849. Stop loss near 1816.

BUY NCDEX- September Guar Gum above 4646 with target of 4666 then 4676. Stop loss near 4636.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

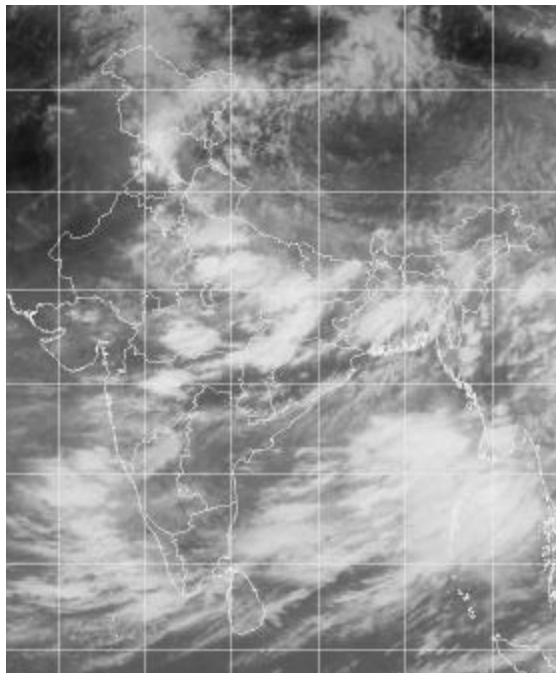
BUY MCX- September Guar Seed above 1783 with target of 1798. Stop loss near 1775.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	01.08.07	31.07.07	Change
Guar Seed	Bikaner	1730	1730	-
	Jodhpur	1825	1850	-25
	Nokha	1700	1700	-
Guar Gum	Sriganganagar			
	Jodhpur	4600-4625	4650	-25

SATELLITE IMAGE OF MONSOON PROGRESS (as on 01.08.07)



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