

GUAR DAILY

10th, August 2007

SPOT MARKETS:

Guar seed and guar gum prices improved marginally at Jodhpur market on normal demand from miller / processors against lower arrivals, while prices stood steady at Bikaner and Nokha markets on subdued trading activity. Insufficient rainfall over western Rajasthan and clear weather across the region imparted bullishness in the market, as it disrupted the sowing of the commodity. Sources reported that the sowing will commence only after a good rainfall over rest part of the region. Though, IMD predicted for rainfall over South Rajasthan, but it would not affect the prices, as the production of guar seed is very less or negligible in southern part. Also the India's monsoon rains are expected to be subdued for the next two to three days, the director general of the India Meteorology Department said. Thus, considering the factor prices are expected to remain firm. Normal demand from millers / processors and exporters reported during the Thursday's trade. Further, sowing is progressing well after the recent rainfall over the Jaisalmer district in Rajasthan, traders and farmers reported. Total arrivals at most of the major markets in Rajasthan stood at around 2000-2100 bags with no arrivals reported in Nokha and Bikaner.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. The most active September contract opened firm with a small gap up at Rs. 1792/qrtl, up Rs. 21 against the previous close of Rs 1771/qrtl and traded up initially testing a high of Rs 1807/qrtl. However, prices tumbled thereafter on increased selling pressure at higher level and profit booking and tested a low of Rs 1768/qrtl before it closes at Rs 1776/qrtl. September contract traded in the range of Rs 1768-1807/qrtl and August contract traded in the range of Rs 1730-1765/qrtl. In September contract open interest declined marginally while volume increased significantly. Guar gum September contract traded in the range of Rs 4510-4600/qrtl and August contract traded in the range of Rs 4381-4500/qrtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. September contract opened firm with a gap up at Rs 1741.0/qrtl against the previous close of Rs 1723.0/qrtl and traded up initially testing a high of Rs 1762.0/qrtl. However, prices tumbled thereafter on selling pressure and profit booking testing a low of Rs 1730.5 before it closes at Rs 1734/qrtl. August contract traded in the range of Rs 1695.0-1720.0/qrtl.

PRICE DRIVERS:

1. Quality concerns over Indian guar gum
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, Rains and thundershowers are expected over South Rajasthan.

TECHNICALS:

Candlestick chart shows weakness in market. Prices closed well above the EMAs indicating firmness in prices. MACD turned up in the negative region, which shows decrease in bearish momentum. Stochastic moving up in the neutral region while RSI is moving flat in the neutral region. 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.	1763	1771	1776	1833	1843
NCDEX Guar Gum Sept.	4479	4500	4522	4600	4632
MCX Guar Seed Sept.	1726	1733	1734	1786	1796

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- September Guar Seed above 1782 with target of 1798 then 1808. Stop loss near 1773.

BUY NCDEX- September Guar Gum above 4535 with target of 4560 then 4570. Stop loss near 4522.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

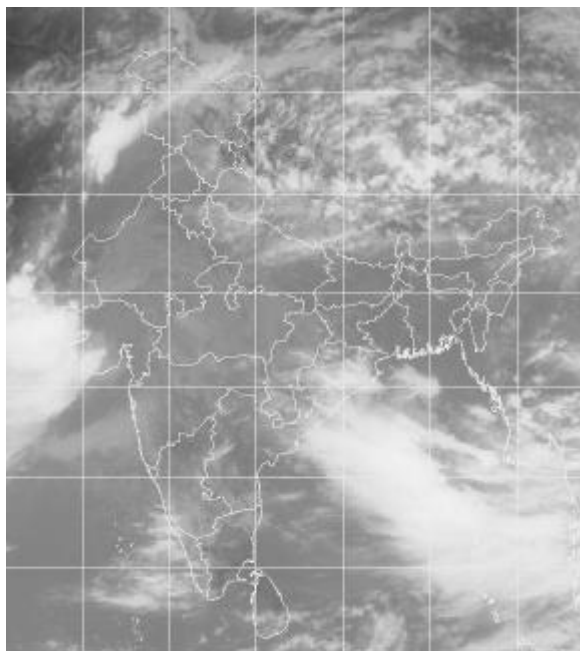
BUY MCX- September Guar Seed above 1750 with target of 1770. Stop loss near 1740.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	09.08.07	08.08.07	Change
Guar Seed	Bikaner	1700	1700	-
	Jodhpur	1810-20	1800-10	+10
	Nokha	1680	1680	-
Guar Gum	Sriganganagar			
	Jodhpur	4550-70	4550	+20

SATELLITE IMAGE OF MONSOON PROGRESS (as on 09.08.07)



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