

GUAR DAILY

31st, August 2007

SPOT MARKETS:

Recently; in response to the EU notification, Dept of Commerce, GOI has convened a meeting among the stakeholders and decided to conduct wide sampling of the entire chain of guar gums within a month. The export council will submit a note on the steps taken to ensure contamination-free internationally accepted supplies. The export sentiments for guar gum are likely to remain steady until the team from EU team appraises the steps taken to tackle the situation. On weather front, MP is slated to produce 1-2 lakh bags, with Gujarat reporting a fall in production by 3-4 lakh bags. Weather across Punjab and Haryana is being closely monitored to access production prospects for guar seeds. Further, good demand from exporters reported in the market following an export order from China, sources reported. Across spot markets, arrivals stood steady at 2000-2500 bags. Prices of seeds stood steady across Jodhpur while softened in Bikaner and Nokha region. Guar gum was quoted at previous days levels of Rs 4575/qrt. Traders expect that lower prices and delay in rainfalls may lift up the prices marginally across spot markets.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures traded firm. Prices managed to stay buoyant on good buying supports at lower levels. NCDEX Guar seed futures [October] closed up at Rs 1810/qrt against previous closing levels of Rs 1775/qrt. Highs and lows stood at Rs 1813/qrt and Rs 1770/qrt respectively. Both the volumes and open interest declined on Thursday. Guar gum futures at NCDEX [October] closed at Rs 4622/qrt against previous closing levels of Rs 4500/qrt, managing to touch a high and low of Rs 4625/qrt and Rs 4530/qrt respectively on Thursday. The futures have managed to recover previous lows on good buying support. Volumes increased and Open Interest declined.

MCX Guar seed futures traded firm. October contract opened firm at Rs 1760/qrt against the previous close of Rs 1741/qrt and touched a high of Rs 1779/qrt. Volumes declined and open interest increased.

PRICE DRIVERS:

1. Forecast of rainfall over NW India, East Rajasthan.
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. Good physical demand
6. Acreage and production is expected to fall in Rajasthan
7. Total production likely to decline marginally compare to last year

WEATHER IMPACT:

IMD predicted for widespread rainfall is also likely over plains of northwest India from 28th to 31st August.

TECHNICALS:

Candlestick chart pattern shows slight recovery in prices on good buying support at lower levels. MACD & EMA remains medium term bearish. Stochastic has dipped in oversold region while RSI is heading up in neutral region. Both the volumes and open interest declined.

OUTLOOK:

Guar seed futures are expected open slightly firm and trade steady thereafter.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Oct.	1780	1792	1810	1845	1855
NCDEX Guar Gum Oct.	4563	4586	4622	4673	4684
MCX Guar Seed Oct.	1753	1763	1779	1810	1824

INTRADAY TRADE RECOMMENDATION (NCDEX):

Buy NCDEX- October Guar Seed near 1812 with target of 1824 then 1835. Stop loss near 1802.

Buy NCDEX- October Guar Gum above 4620 with target of 4635 then 4658. Stop loss near 4610.

Do not carry forward the position until the next day.

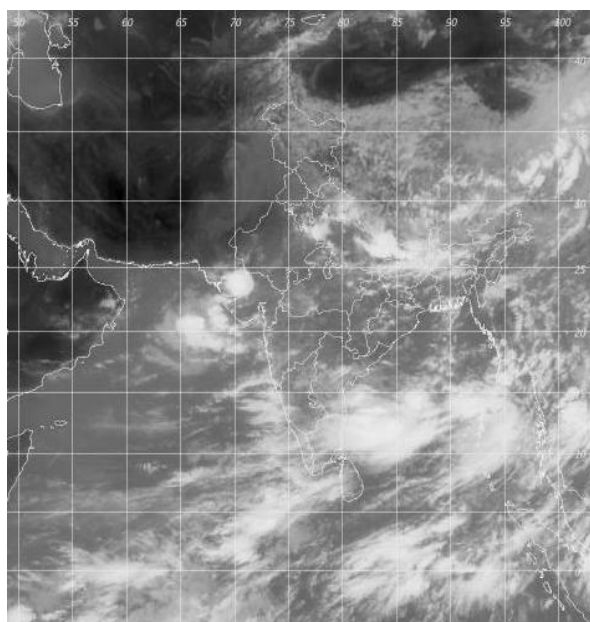
INTRADAY TRADE RECOMMENDATION (MCX):

Buy MCX- October Guar Seed below 1775 with target of 1794. Stop loss near 1770.

Do not carry forward the position until the next day.

Commodity	Centres	30.08.07	29.08.07	Change
Guar Seed	Bikaner	1680	1710-20	-40
	Jodhpur	1800	1800	0
	Nokha	1670	1675	-5
Guar Gum	Sriganganagar			
	Jodhpur	4575	4550-75	0

SATELLITE IMAGE OF MONSOON PROGRESS (as on 30.08.07)



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