

GUAR DAILY

13th, August 2007

SPOT MARKETS:

Guar seed and guar gum prices improved further at Jodhpur market on good physical demand, while remained unchanged in Bikaner and Nokha on subdued trading activity. Lower stock position in exchange warehouses coupled with clear weather across the Rajasthan region further imparted bullishness. Good demand for by-product of guar seed (Churi & Korma) also supported the market sentiment. Consequently, millers remained active, while mild demand from exporters reported during the Saturday's trade. Sources reported that so far sowing is done only in 40-50 per cent area and around 30-40 per cent area is shifted for other cereal / pulses crops due to better realization, while guar cultivation in rest 10-20 per cent area is likely to be started after a good rainfall. The sowing of the commodity extends up to 10-15 August and no sowing will take place thereafter, traders & farmers reported. Thus considering the above factors, prices are expected to remain firm in coming days. Total arrivals at the majority of markets improved marginally from 2000-2100 to 2000-2300 bags. No arrivals reported in Bikaner, while Nokha received the arrival of 100-150 bags.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed narrow range bound trade with bullish tone. The most active September contract opened weak at Rs. 1800/qrtl, down Rs. 3 against the previous close of Rs 1803/qrtl and traded down initially testing a low of Rs 1796/qrtl. However, prices recovered thereafter on increased buying interest and reports of clear weather across the Rajasthan region and tested a high of Rs 1825/qrtl before it closes at Rs 1807/qrtl. September contract traded in the range of Rs 1796-1807/qrtl and August contract traded in the range of Rs 1764-1785/qrtl. In September contract both open interest increased marginally while volume declined. Guar gum September contract traded in the range of Rs 4584-4630/qrtl and August contract traded in the range of Rs 4491-4574/qrtl.

MCX Guar seed futures witnessed narrow range bound trade with bullish tone. September contract opened firm at Rs 1770.0/qrtl against the previous close of Rs 1755.5/qrtl. Contract then traded up on increased buying interest testing a high of Rs 1783/qrtl before it closes at Rs 1773.5/qrtl. August contract traded in the range of Rs 1729.0-1740.0/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:

As per IMD prediction, Rains and thundershowers are expected over South Rajasthan.

TECHNICALS:

Candlestick chart shows firmness in market with some selling pressure at higher level as reflected by long upper shadow. MACD and EMA remains firm for the medium-term. MACD entered into the neutral region following a bullish crossover. Stochastic moving upward, while RSI is moving flat in the neutral region. Market is expected to trade up following a steady to slightly weak opening.

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.	1788	1800	1807	1846	1854
NCDEX Guar Gum Sept.	4562	4575	4585	4666	4679
MCX Guar Seed Sept.	1760	1770	1773.5	1820	1832

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- September Guar Seed above 1812 with target of 1828 then 1838. Stop loss near 1803.

BUY NCDEX- September Guar Gum above 4598 with target of 4623 then 4633. Stop loss near 4585.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

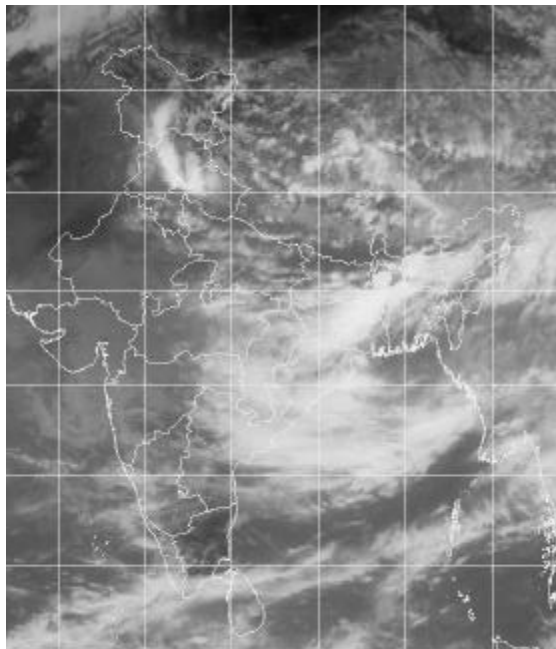
BUY MCX- September Guar Seed above 1786 with target of 1806. Stop loss near 1776.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	11.08.07	10.08.07	Change
Guar Seed	Bikaner	1715	1710-15	-
	Jodhpur	1850-60	1840-50	+10
	Nokha	1700	1700	-
Guar Gum	Sriganganagar			
	Jodhpur	4660-70	4600-50	+20

SATELLITE IMAGE OF MONSOON PROGRESS (as on 11.08.07)



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