

GUAR DAILY

9th, August 2007

SPOT MARKETS:

Amidst good physical demand and lower arrivals the prices of both guar seed and guar gum improved further at the majority of markets. Dry spell over some of the key guar growing areas in Rajasthan imparted bullishness during the Wednesday's trade. However, IMD predicted for heavy to very rainfall over south Rajasthan in next 48 hours, which is favourable for the sowing of the commodity in rest parts of Rajasthan, which likely to impart bearishness. After the recent rainfall over the Jaisalmer district in Rajasthan, sowing of the commodity is in full swing, traders and farmers reported. Also it was reported that the acreage this year in Sriganganar, Hanumangarh, Churu etc (Rajasthan) and Haryana increased significantly and production is also expected to increase during the current crop season. Thus, prices are expected to remain weak in coming days. Meanwhile, Indian guar gum exporters sought for financial help from the government's export promotion body SHEFEXIL, earlier known as Shellac Export Promotion Council to test the sample of guar gum, as the cost of testing is Rs 30,000-40,000 per sample. This is due to contamination in additive (guar gum/E412) found in overseas market, mainly supplied from India. Total arrivals at the most of the major markets in Rajasthan stood steady at around 2000-2100 bags.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. The most active September contract opened firm with a small gap up at Rs. 1729/qrtl, up Rs. 6 against the previous close of Rs 1723/qrtl and traded down initially testing a low of Rs 1728/qrtl. Contract then traded up on increased buying interest testing an intraday high of Rs 1789/qrtl before it closes at Rs 1785/qrtl, up 3.6%. September contract traded in the range of Rs 1729-1789/qrtl and August contract traded in the range of Rs 1692-1749/qrtl. In September contract open interest and volume increased significantly. Guar gum September contract traded in the range of Rs 4410-4541/qrtl and August contract traded in the range of Rs 4335-4450/qrtl.

MCX Guar seed futures witnessed firm sentiment with bullish tone. September contract opened firm with a gap up at Rs 1708.0/qrtl against the previous close of Rs 1692.0/qrtl and traded down initially testing a low of Rs 1700.0/qrtl. However, prices recovered thereafter on renewed buying interest and settled at day's high of Rs 1753.0/qrtl. September contract traded in the range of Rs 1700.0-1753.0 and August contract traded in the range of Rs 1670.0-1715.0/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 are likely over Rajasthan on August 8th onwards.

TECHNICALS:

A consecutive long hollow candlestick is formed which indicate firmness in market. Prices closed well above the EMAs indicating firmness in prices. MACD turned up in the negative region. Stochastic has made bullish cross over in the oversold region. RSI is moving up in the neutral region. Market is expected to trade up following steady to slightly form opening with possibility of late downward movement.

OUTLOOK:

Guar seed futures are expected to trade up 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	1785	1833	1843
NCDEX Guar Gum Sept.	4500	4521	4539	4611	4635
MCX Guar Seed Sept.	1740	1750	1753	1795	1805

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- September Guar Seed above 1790 with target of 1810 then 1820. Stop loss near 1780.

BUY NCDEX- September Guar Gum above 4550 with target of 4580 then 4595. Stop loss near 4535.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

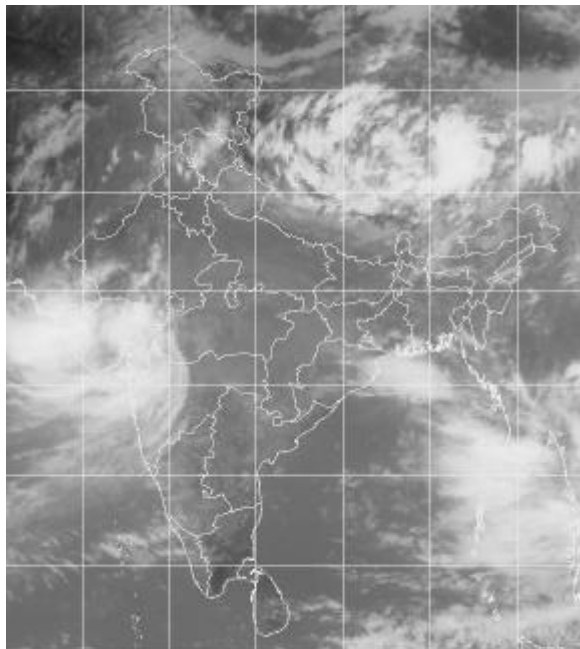
BUY MCX- September Guar Seed above 1765 with target of 1785. Stop loss near 1755.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	08.08.07	07.08.07	Change
Guar Seed	Bikaner	1700	1670-80	+20
	Jodhpur	1800-10	1770-80	+30
	Nokha	1680	1660-65	+20
Guar Gum	Sriganganagar			
	Jodhpur	4550	4425-50	+100

SATELLITE IMAGE OF MONSOON PROGRESS (as on 08.08.07)



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