

## GUAR DAILY

29th, August 2007

### SPOT MARKETS:

Guar seed and guar gum prices declined at most of the major markets in Rajasthan on week physical demand coupled continued debate of EU over quality concern of Indian guar gum. Forecast of rainfall over NW parts of India, besides rains and thundershower over East and West Rajasthan further imparted bearishness. Also the trading activity remained subdued during the Tuesday's trade due to the occasion of Raksha Bandhan. Meanwhile, sources reported that the overall production this year is expected to remain in the range of 65-68 lakh bags despite expected lower production in Rajasthan, as production this year in Haryana and Punjab is expected to increase due to increase in acreage. Carry forward stocks is estimated at 15 lakh bags, thus the total availability this year is likely at around 83 lakh bags, which is likely to remain below the overall consumption of 85-87 lakh bags. Sources also reported that rains are crucial at the moment over Haryana & Punjab regions, if there are no rains in next 10-15 days then the overall production is likely to fall. Total arrivals at the various markets of Rajasthan stood steady at 2000 bags with no arrivals reported in Bikaner and Nokha.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. October contract opened flat at its previous close of Rs. 1791/qrtl and traded up initially testing a high of Rs 1800/qrtl. However, prices tumbles thereafter on increased selling pressure coupled with forecast of rainfall over NW part of Indian on 28th onwards, besides rains and thundershowers over east and west Rajasthan and tested a low of Rs 1756/qrtl before it closes at Rs 1777/qrtl. October contract traded in the range of Rs 1756-1800/qrtl and September contract traded in the range of Rs 1727-1763/qrtl. In October contract both open interest and volume declined. Guar gum October contract traded in the range of Rs 4456-4537/qrtl and September contract traded in the range of Rs 4395-4455/qrtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. October contract opened firm at Rs 1775.0/qrtl against the previous close of Rs 1764.5/qrtl. Contract then traded down on increases selling pressure testing a low of Rs 1722.0/qrtl before it closes at Rs 1742.0/qrtl. September contract traded in the range of Rs 1705.0-1726.0/qrtl.

### PRICE DRIVERS:

1. Forecast of rainfall over NW India, East & West 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. Subdued physical demand
6. Acreage and production is expected to fall in Rajasthan
7. Total production likely to decline marginally or remain steady 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 weakness in prices. MACD & EMA remains bearish for medium term. Both Stochastic and RSI are deep in the neutral region. Market is expected to trade down following steady slightly firm opening with possibility of late upward movement.

### OUTLOOK:

Guar seed futures are expected to trade range bound with weak bias.

### NCDEX Guar Seed October Contract:



### SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Oct.	1737	1745	1777	1793	1806
NCDEX Guar Gum Oct.	4437	4455	4500	4550	4573
MCX Guar Seed Oct.	1695	1705	1742	1750	1762

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**Sell** NCDEX- October Guar Seed below 1782 with target of 1765 then 1754. Stop loss near 1792.

**Sell** NCDEX- October Guar Gum below 4518 with target of 4488 then 4475. Stop loss near 4533.

**Do not carry forward the position until the next day.**

### INTRADAY TRADE RECOMMENDATION (MCX):

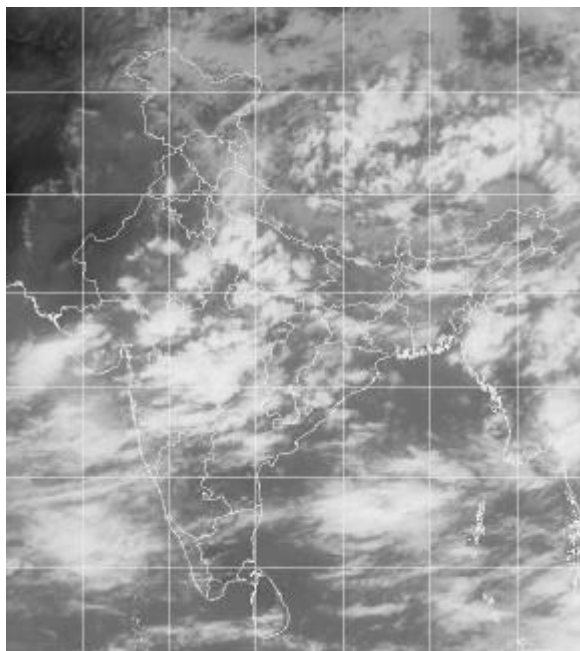
**Sell** MCX- October Guar Seed below 1735 with target of 1715. Stop loss near 1745.

**Do not carry forward the position until the next day.**

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	28.08.07	27.08.07	Change
Guar Seed	Bikaner	1700-1710	1720-30	-20
	Jodhpur	1780	1790	-10
	Nokha	Closed	1700	-
Guar Gum	Sriganganagar			
	Jodhpur	4525-50	4550-4600	-50

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 28.08.07)



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