

## GUAR DAILY

18th, August 2007

### SPOT MARKETS:

The prices of guar seed and guar gum at Jodhpur market remained unchanged during the Friday's trade on subdued trading activity, while improved marginally at Bikaner and Nokha mandis on some demand from millers / processors following a good demand for by-product of guar seed. As reported earlier about the talks of revival of monsoon on August 21<sup>st</sup> onwards, IMD on August 17 predicted that the rainfall activity is likely to remain highly subdued in the NW and Central part of India, which is likely to impart bullishness. It is noted that the early sown guar crop is in vegetative stage in few areas in Rajasthan and need intermittent rains (where the irrigation facility is not available) in 2-3 stages for its further growth, as guar mainly a rain fed crop. Lack of rainfall over the region may hamper the crop growth, yield and productivity. Thus, considering the above factors, prices are likely to remain firm in coming days. Mild demand from exporters reported during the Friday's trade. Overall arrival stood steady at 2000-2500 bags with no arrival reported at Bikaner and Nokha.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. The most active September contract opened weak at Rs. 1838/qrtl, down Rs. 2 against the previous close of Rs 1840/qrtl and traded up initially testing a high of Rs 1850/qrtl. However, prices traded down on increased selling pressure testing a low of Rs 1817/qrtl before it closes at Rs 1827/qrtl. September contract traded in the range of Rs 1817-1850/qrtl and August contract traded in the range of Rs 1785-1810/qrtl. In September contract both open interest and volume declined significantly. Guar gum September contract traded in the range of Rs 4610-4679/qrtl and August contract traded in the range of Rs 4510-4558/qrtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. September contract opened firm with a gap up at Rs 1800.0/qrtl against the previous close of Rs 1791.5/qrtl and traded up initially testing a high of Rs 1805.5/qrtl. However, prices tumbled thereafter on increased selling pressure and tested a low of Rs 1765.0/qrtl before it closes at Rs 1790.0/qrtl. August contract traded in the range of Rs 1750.0-1775.0/qrtl.

### PRICE DRIVERS:

1. Rainfall activity likely to remain highly subdued in NW & Central part on India
2. Quality concerns over Indian guar gum
3. Restricted arrivals in the market due to stockists hoarding
4. Clear weather across the Rajasthan region.
5. Good 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:

Clear weather across the Rajasthan region.

### TECHNICALS:

Candlestick chart shows indecision in market. Prices managed to close above the EMAs indicating firmness still remains in the market. MACD remains in the neutral region. Stochastic is moving downward in the overbought region while RSI is moving downward in the neutral region. Market is expected to trade range bound following steady to slightly firm 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.	1794	1804	1827	1885	1895
NCDEX Guar Gum Sept.	4595	4616	4635	4709	4728
MCX Guar Seed Sept.	1784	1799	1790	1857	1871

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**BUY** NCDEX- September Guar Seed above 1817 with target of 1852 then 1865. Stop loss near 1799.

**BUY** NCDEX- September Guar Gum above 4646 with target of 4676 then 4691. Stop loss near 4630.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

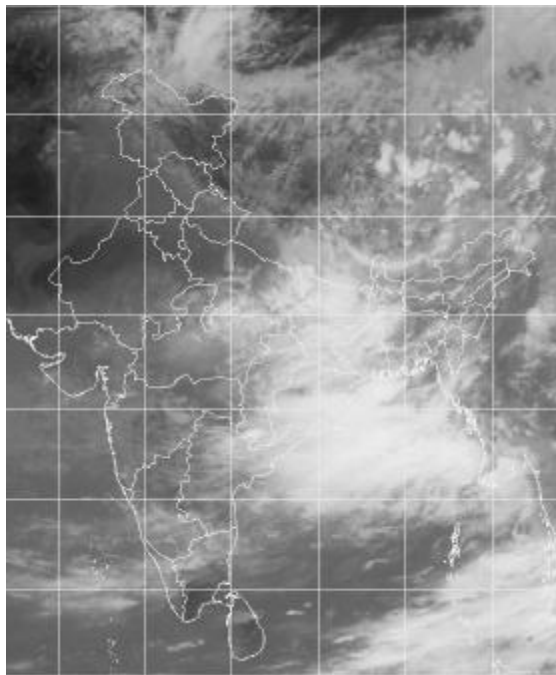
**BUY** MCX- September Guar Seed above 1811 with target of 1833. Stop loss near 1800.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	17.08.07	16.08.07	Change
Guar Seed	Bikaner	1750-55	1750	+5
	Jodhpur	1830-40	1830-40	-
	Nokha	1725	1710-20	+5
Guar Gum	Sriganganagar			
	Jodhpur	4680	4680	-

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 17.08.07)



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