

## GUAR DAILY

28th, August 2007

### SPOT MARKETS:

Amidst weak physical demand coupled with forecast of rainfall over NW part of India the prices of both guar seed and guar gum declined at most markets in Rajasthan. IMD on August 27<sup>th</sup> predicted for rainfall over NW India on 28<sup>th</sup> onwards, rains and thundershowers over East and West Rajasthan imparted bearishness, as these rains are favourable of guar crop. Meanwhile, the EU authorities have totally stopped the imports of Indian guar gum following the quality concerns, which further imparted bearishness. The EU importers are now asking for certification from well established laboratories for further imports. Also European Union (EU) sent a team which reach India on 3rd Sept. to assess the facilities available with the manufactures for testing guar gum. From the Indian side, state-run Shellac and Forest Products Export Promotion Council (SHEFEXIL), which promotes guar gum exports, has identified Vimta specialties, the only guar gum testing laboratory in India, to identify dioxin presence. The exporters are hopeful to short out the issue / controversy before September end. The EU intervention may affect exporters who have no proper processing and certification. Demand from exporters remained subdued or absent, consequently millers activity too remained subdued in the market. 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 weak at Rs. 1834/qtl, down Rs. 10 against the previous close of Rs 1844/qtl. Contract then traded down in increased selling pressure coupled with forecast of rains over NW Indian from 28-31st August and tested a low of Rs 1765/qtl, before it closes at Rs 1804/qtl on renewed buying interest at lower levels. October contract traded in the range of Rs 1765-1834/qtl and September contract traded in the range of Rs 1730-1798/qtl. In October contract both open interest and volume declined. Guar gum October contract traded in the range of Rs 4464-4601/qtl and September contract traded in the range of Rs 4401-4541/qtl.

MCX Guar seed futures witnessed lackluster trade with bearish undertone. October contract opened weak at Rs 1773.0/qtl against the previous close of Rs 1800.5/qtl and traded both side in the range of Rs 1732.0-1850.5/qtl. However, finally settled in the negative side at Rs 1766.0/qtl down 1.89 per cent. September contract traded in the range of Rs 1694.0-1738.0/qtl.

### 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 is moving down in 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.	1766	1775	1804	1844	1863
NCDEX Guar Gum Oct.	4470	4499	4535	4579	4598
MCX Guar Seed Oct.	1739	1751	1766	1800	1810

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**Sell** NCDEX- October Guar Seed below 1822 with target of 1797 then 1787. Stop loss near 1835.

**Sell** NCDEX- October Guar Gum below 4560 with target of 4530 then 4515. Stop loss near 4575.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

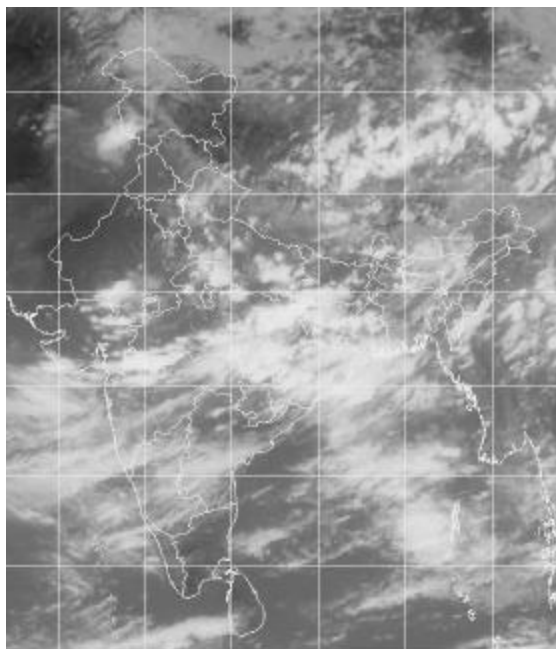
**Sell** MCX- October Guar Seed below 1788 with target of 1762. Stop loss near 1801.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.08.07	25.08.07	Change
Guar Seed	Bikaner	1720-30	1770-80	-50
	Jodhpur	1790	1820	-30
	Nokha	1700	1740-50	-50
Guar Gum	Sriganganagar			
	Jodhpur	4550-4600	4650-75	-75

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 27.08.07)



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