

GUAR DAILY

11th, August 2007

SPOT MARKETS:

The prices of both guar seed and guar gum at most of the major markets in Rajasthan trade firm during the Friday's trade on good physical demand against lower arrivals coupled with clear weather across the region. IMD on August 10 predicted for rainfall over South Rajasthan in next 24 hours, however, it will hardly impact the prices, as the guar cultivation is very less or negligible there. The major guar growing areas are located in Western, Northern and Eastern part of Rajasthan. Jaisalmer district in Western Rajasthan received good rains and sowing is in full swing there, while Jodhpur and Bikaner, which are the remaining key areas in West/Central Rajasthan, are awaiting rains and hence no sowing is reported. Sources reported that so far sowing is done only in 40-50 per cent area, while in rest 50-60 per cent, it is likely to be started after a good rainfall. Good demand from millers and exporters reported in the market at lower price level as well as hoarding activity by stockists reported in the market. Thus considering the above factors, prices are expected to remain firm in coming days. Total arrivals at the majority of markets stood steady at 2000-2100 bags with no arrivals reported in Nokha and Bikaner.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. The most active September contract opened weak at Rs. 1778/qrtl, down Rs. 5 against the previous close of Rs 1776/qrtl and traded down initially testing a low of Rs 1755/qrtl. However, prices recovered thereafter on renewed buying interest and reports of clear weather across the Rajasthan region and tested a high of Rs 1813/qrtl before it closes at Rs 1798/qrtl. September contract traded in the range of Rs 1755-1813/qrtl and August contract traded in the range of Rs 1723-1771/qrtl. In September contract both open interest declined while volume increased. Guar gum September contract traded in the range of Rs 4483-4609/qrtl and August contract traded in the range of Rs 4360-4515/qrtl.

MCX Guar seed futures witnessed firm sentiment with bullish tone. September contract opened weak at Rs 1734.0/qrtl against the previous close of Rs 1742.0/qrtl and traded down initially testing a low of Rs 1710.0/qrtl. However, prices recovered thereafter on renewed buying interest and tested a high of Rs 1760.0/qrtl before it closes at Rs 1759.0/qrtl. August contract traded in the range of Rs 1685.0-1745.0/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. Long lower shadow reflects good buying support at lower level. MACD and EMA remains firm for the medium-term. MACD is about to enter in the neutral region. RSI and Stochastic moving upward 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.	1767	1779	1798	1833	1843
NCDEX Guar Gum Sept.	4528	4545	4577	4628	4639
MCX Guar Seed Sept.	1745	1755	1759	1800	1815

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- September Guar Seed above 1794 with target of 1814 then 1824. Stop loss near 1784.

BUY NCDEX- September Guar Gum above 4566 with target of 4597 then 4611. Stop loss near 4551.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

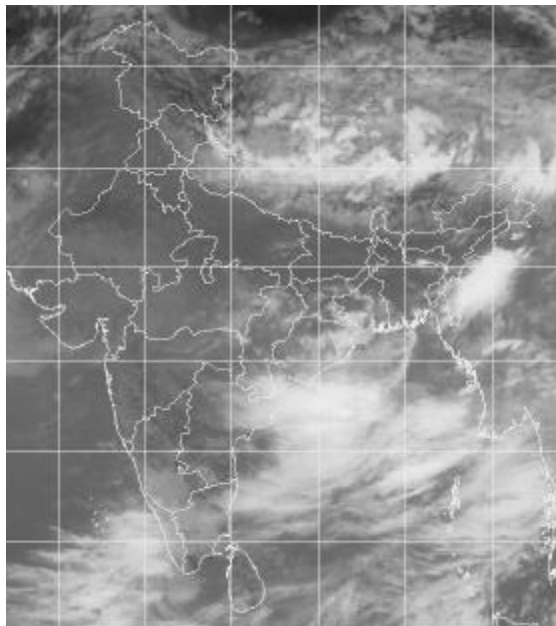
BUY MCX- September Guar Seed above 1768 with target of 1788. Stop loss near 1758.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	10.08.07	09.08.07	Change
Guar Seed	Bikaner	1710-15	1700	+15
	Jodhpur	1840-50	1810-20	+30
	Nokha	1700	1680	+20
Guar Gum	Sriganganagar			
	Jodhpur	4600-50	4550-70	+80

SATELLITE IMAGE OF MONSOON PROGRESS (as on 10.08.07)



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