

GUAR DAILY

30th, August 2007

SPOT MARKETS:

Amidst good physical demand against lower arrivals coupled with reports of insufficient rainfall over Haryana and Punjab the prices of both guar seed and guar gum recovered during the Wednesday's trade. Sources reported that rains are crucial at the moment in Haryana and Punjab, as the yield of guar crop depends on rains and if there are no rains in next 10-12 days then the yield will be affected and consequently the production may fall. It was also reported that production in Gujarat during the current season is expected to fall by 3-4 lakh bags due to unfavourable conditions there; Madhya Pradesh is expected to produce 1-2 lakh bags. Further, good demand from exporters reported in the market following an export order from China, sources reported. Millers too remained active during the Wednesday's trade. Total arrivals at various markets stood steady at 2000 bags. On the other hand, guar gum exporters also fear that the country will lose export orders to Pakistan due to continued debate of EU over the quality concerns of Indian guar gum. As reported earlier a EU team is scheduled to arrive in India on Sept. 3rd to test Indian guar gum. It will also inspect the testing facilities available with major Indian guar gum manufacturers. If the team finds any traces of toxins in Indian guar gum stocks, India may lose substantially to Pakistan in guar gum exports. India exports around 19000-20000 tonnes of guar gum every year to EU. However, sources reported that the exporters are still getting orders from other countries like US, China etc.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed lacklustre trade. October contract opened firm at Rs. 1776/qrtl, up Rs 1 against the previous close of Rs 1775/qrtl and traded down initially testing a low of Rs 1751/qrtl. However, prices recovered thereafter on renewed buying interest coupled reports of insufficient rains over Haryana and Punjab and tested a high of Rs 1804/qrtl before it closes at Rs 1775/qrtl. October contract traded in the range of Rs 1751-1804/qrtl and September contract traded in the range of Rs 1720-1767/qrtl. In October contract both open interest and volume increased. Guar gum October contract traded in the range of Rs 4440-4571/qrtl and September contract traded in the range of Rs 4380-4500/qrtl.

MCX Guar seed futures witnessed lacklustre trade. October contract opened firm at Rs 1740.0/qrtl against the previous close of Rs 1738/qrtl and traded up initially testing a high of Rs 1785/qrtl. However, prices tumbled thereafter on increases selling pressure at higher level and tested a low of Rs 1730.0/qrtl before it closes at Rs 1735.0/qrtl. September contract traded in the range of Rs 1700.0-1726.0/qrtl.

PRICE DRIVERS:

1. Forecast of rainfall over NW India, East 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. Good physical demand
6. Acreage and production is expected to fall in Rajasthan
7. Total production likely to decline marginally 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 indecision in market. Both MACD & EMA remains bearish for medium term. MACD is about to enter into the negative region. Stochastic is moving down in the oversold region while RSI is flat in the neutral region. Market is expected to trade range bound with weak bias.

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.	1720	1729	1775	1781	1793
NCDEX Guar Gum Oct.	4403	4414	4500	4510	4521
MCX Guar Seed Oct.	1683	1695	1735	1739	1755

INTRADAY TRADE RECOMMENDATION (NCDEX):

Sell NCDEX- October Guar Seed below 1770 with target of 1752 then 1743. Stop loss near 1780.

Sell NCDEX- October Guar Gum below 4483 with target of 4453 then 4438. Stop loss near 4498.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

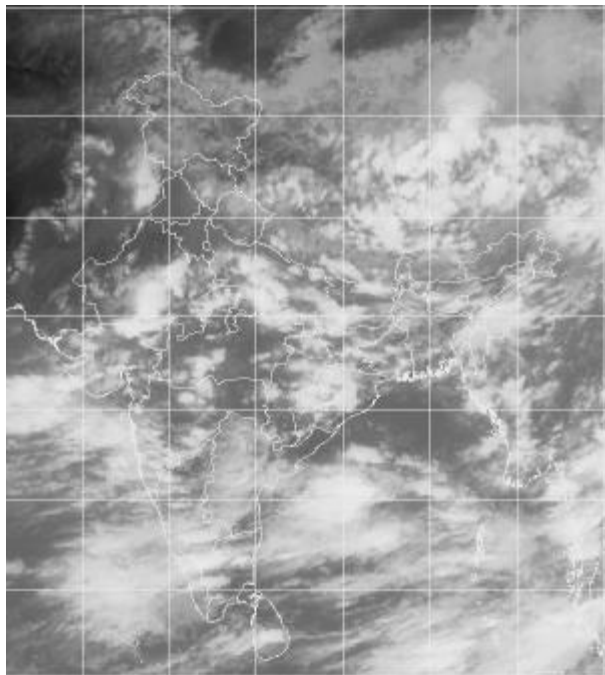
Sell MCX- October Guar Seed below 1723 with target of 1703. Stop loss near 1733.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	29.08.07	28.08.07	Change
Guar Seed	Bikaner	1710-20	1700-1710	+10
	Jodhpur	1800	1780	+20
	Nokha	1675	Closed	-
Guar Gum	Sriganganagar			
	Jodhpur	4550-75	4525-50	+25

SATELLITE IMAGE OF MONSOON PROGRESS (as on 29.08.07)



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