

GUAR DAILY

21st, August 2007

SPOT MARKETS:

The prices of both guar seed and guar gum declined during the Monday's trade on reports of rainfall over the parts of East Rajasthan (Alwar, Dausa etc.). Also IMD on August 20th predicted that the rains and thundershowers are likely over Gujarat and East Rajasthan in next 48 hours and increase thereafter, which further imparted bearishness, as these rains are favourable for the growth, yield and productivity of early sown guar crop. But, these rains would not add to any fresh sowing in the east Rajasthan where cultivation of guar is comparatively very less or nil. The key guar growing areas, where the sowing is done after the first spell of monsoon needs time to time showers, as guar mainly a rain fed crop and lack of rainfall over the region may hamper the crop growth, yield and productivity. Further, good demand from millers and exporters reported in the market at lower prices, whereas the supplies are insufficient to meet the demand due to stockists holding back stocks as well as lower stocks in the market. Total arrivals reportedly stood steady at 2000-2500 bags with no arrivals reported in Nokha and Bikaner.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. The most active September contract opened weak with a small gap down at Rs. 1821/qrtl, down Rs. 7 against the previous close of Rs 1828/qrtl and traded up initially testing a high of Rs 1822/qrtl. However, prices traded down thereafter on increased selling pressure coupled with reports of rains over the parts of East Rajasthan and tested a low of Rs 1792/qrtl before it closes at Rs 1795/qrtl. September contract traded in the range of Rs 1792-1822/qrtl and August contract traded in the range of Rs 1775-1807/qrtl. In September contract open interest declined while volume increased. Guar gum September contract traded in the range of Rs 4530-4620/qrtl and August contract traded in the range of Rs 4470-4520/qrtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. September contract opened weak at Rs 1778.0/qrtl against the previous close of Rs 1793.0/qrtl and traded up initially testing a high of Rs 1790.0/qrtl. However, prices tumbled thereafter on increased selling pressure testing a low of Rs 1763.0/qrtl before it closes at Rs 1764.0/qrtl. August contract traded in the range of Rs 1740.0-1770.0/qrtl.

PRICE DRIVERS:

1. Reports of rains over East Rajasthan
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:

IMD predicted for rains/thundershowers over Gujarat & East Rajasthan in next 48 hours and increase thereafter.

TECHNICALS:

A long bearish candlestick is formed indicating weakness in prices. Prices closed below the EMAs indicating further weakness in prices. MACD is moving down in the neutral region. Both stochastic and RSI is moving downward 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 September Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Sept.	1733	1743	1795	1800	1817
NCDEX Guar Gum Sept.	4412	4442	4530	4535	4557
MCX Guar Seed Sept.	1710	1720	1764	1771	1781

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- September Guar Seed below 1786 with target of 1766 then 1756. Stop loss near 1796.

SELL NCDEX- September Guar Gum below 4510 with target of 4480 then 4465. Stop loss near 4525.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

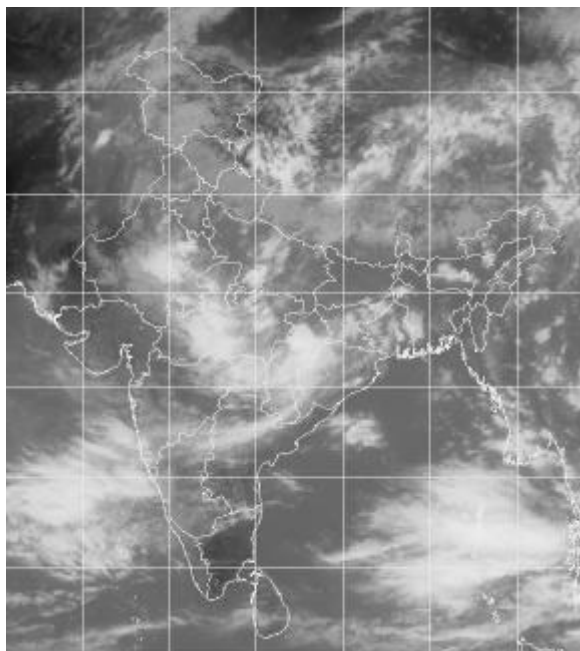
SELL MCX- September Guar Seed below 1756 with target of 1732. Stop loss near 1768.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.08.07	18.08.07	Change
Guar Seed	Bikaner	1740-45	1755-60	-15
	Jodhpur	1830	1850	-20
	Nokha	1715	1730	-15
Guar Gum	Sriganganagar			
	Jodhpur	4600-25	4675-90	-65

SATELLITE IMAGE OF MONSOON PROGRESS (as on 20.08.07)



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