

## GUAR DAILY

3rd, August 2007

### SPOT MARKETS:

Guar seed and guar gum prices eased at most of the major markets in Rajasthan on forecast of rains over Rajasthan region and rains over Haryana coupled with quality concerns of Indian guar gum in overseas market. Swiss News Agencies reported that the Indian guar gum is contaminated with Dioxin, a chemical used in fertilizers and fungicides. And the levels of dioxin in a Swiss Farm's (Unipektin) guar gum product were found to be several times higher than allowed in the EU, which is not fit for consumption. As per the news agency, the farm which used the preserver (guar gum) was mainly from India. Thus, it may adversely affect the exports and overseas demand of Indian guar gum. Further, overnight rains over Haryana and forecast of rains over South and East Rajasthan imparted bearishness during the Thursday's trade. Good demand from millers reported at lower price level. However, the supplies are insufficient to meet the demand due to stockists holding back stocks in expectation of price rise. Prices are expected to remain marginally weak in coming days due to prediction of rains over the Rajasthan region. Total arrivals at the majority of markets reportedly stood at around 2000-2500 bags with no arrivals reported in 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. 1811/qrtl, down Rs. 10 against the previous close of Rs 1821/qrtl. Contract then traded down on increased selling pressure coupled with fears of rains over the region and settled at 1766/qrtl down 3.02 per cent. September contract traded in the range of Rs 1764-1811/qrtl and August contract traded in the range of Rs 1727-1770/qrtl. In September contract open interest and volume increased significantly. Guar gum September contract traded in the range of Rs 4527-4620/qrtl and August contract traded in the range of Rs 4440-4520/qrtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. September contract opened weak at Rs 1775/qrtl against the previous close of Rs 1777.5/qrtl. Contract then tumbled on increased selling pressure coupled with fears of rain over Rajasthan and settled at Rs 1740/qrtl down 2.11 per cent. September contract traded in the range of Rs 1731.0-1775.0/qrtl and August contract traded in the range of Rs 1706.0-1735.0/qrtl.

### PRICE DRIVERS:

1. Good overseas & mild domestic demand
2. Restricted arrivals in the market due to stockists hoarding
3. Forecast of rains over the East and South Rajasthan, favourable for the guar sowing
4. Expectation of increased acreage
5. Production is expected to touch 10 lakh tonnes

### WEATHER IMPACT:

As per IMD prediction, Rain/thundershowers are likely over the East Rajasthan and isolated over the rest region.

### TECHNICALS:

A long bearish candlestick formed breaking the channel and indicates weakness in market. Prices closed far below the EMA's which indicate further weakness in prices. MACD turned down in neutral region. Stochastic is moving upward in neutral region while RSI is deep in the neutral region. Market is expected to trade down following a steady to slightly weak opening.

### 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.	1705	1719	1766	1780	1790
NCDEX Guar Gum Sept.	4434	4461	4531	4555	4580
MCX Guar Seed Sept.	1692	1705	1740	1746	1759

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**SELL** NCDEX- September Guar Seed below 1762 with target of 1742 then 1732. Stop loss near 1772.

**SELL** NCDEX- September Guar Gum below 4525 with target of 4495 then 4480. Stop loss near 4540.

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

### INTRADAY TRADE RECOMMENDATION (MCX):

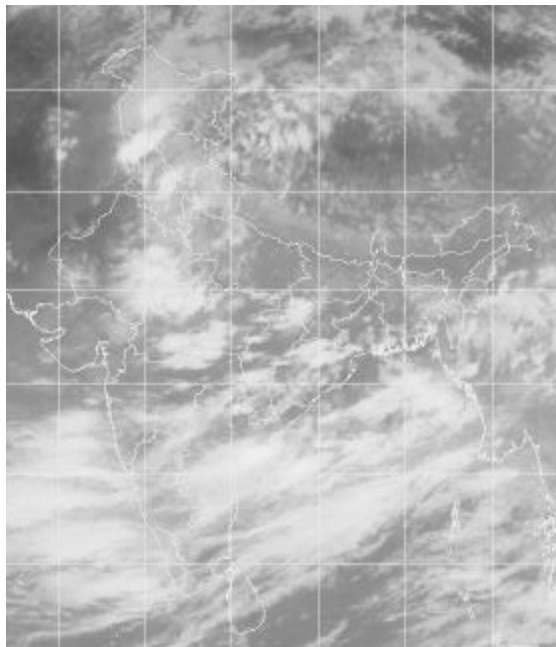
**SELL** MCX- September Guar Seed below 1736 with target of 1716. Stop loss near 1746.

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

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	02.08.07	01.08.07	Change
Guar Seed	Bikaner	1710	1730	-20
	Jodhpur	1800	1825	-25
	Nokha	1670-80	1700	-20
Guar Gum	Sriganganagar			
	Jodhpur	4525-50	4600-4625	-75

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 02.08.07)



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