

GUAR DAILY

17th, August 2007

SPOT MARKETS:

Guar seed and guar gum prices declined during the Thursday's trade on weak physical demand coupled with improved stocks in warehouses. Further talks of revival of monsoon over Rajasthan region on 21st August onwards further imparted bearishness. Traders offloaded their inventories in fears of revival of monsoon, as it is beneficial for the crop growth, yield and productivity. However, it would not add to the acreage as the possibility of sowing of the commodity is very less after August 15th sources reported. Meanwhile, failure of second spell of monsoon over the key guar growing region in Rajasthan is likely to hit the production during the current crop year 2007-08 by at least 20 per cent. Earlier it was estimated that the production would be over 1 crore bags, but as mentioned earlier guar sowing is lagging in key areas in Rajasthan and acreage is expected to fall in Rajasthan. However, considering the acreage in Haryana and in few parts of Rajasthan (Sriganganagar, Hanumangarh, Churu few areas in Jaisalmer) and expected steady production in Gujarat, this year total production may decline marginally or remain steady, which is likely to remain below the demand. Thus, prices are likely to remain firm in medium to long-term. Total arrivals at the majority of markets improved marginally and at 2000-2500 bags with no arrivals reported in Bikaner. Nokha received the arrivals of 150-200 bags.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. The most active September contract opened firm at Rs. 1875/mtl, up Rs. 10 against the previous close of Rs 1865/mtl. Contract then traded down on increased selling pressure and profit taking testing a low of Rs 1821/mtl before it closes at Rs 1843/mtl. September contract traded in the range of Rs 1821-1876/mtl and August contract traded in the range of Rs 1787-1845/mtl. In September contract both open interest and volume declined significantly. Guar gum September contract traded in the range of Rs 4611-4688/mtl and August contract traded in the range of Rs 4520-4590/mtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. September contract opened weak with a gap down at Rs 1800.0/mtl against the previous close of Rs 1826.0/mtl and traded up initially testing a high of Rs 1806.0/mtl. However, prices tumbled thereafter on increased selling pressure and profit taking testing a low of Rs 1780.0/mtl before it closes at Rs 1798.0/mtl. August contract traded in the range of Rs 1750.0-1848.0/mtl.

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. Good physical demand
5. Acreage is expected to fall in Rajasthan
6. Production is also expected to fall in Rajasthan

WEATHER IMPACT:

Clear weather across the Rajasthan region.

TECHNICALS:

Long lower shadow of the candlestick shows good buying at lower level. Prices closed well above the EMAs indicating firmness in prices. MACD remains in the neutral region. Stochastic is moving downward in the overbought region while RSI is turned downward in the neutral region. Market is expected to trade range bound with firm bias.

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.	1815	1830	1843	1895	1920
NCDEX Guar Gum Sept.	4621	4642	4651	4734	4758
MCX Guar Seed Sept.	1784	1799	1798	1857	1871

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- September Guar Seed above 1855 with target of 1875 then 1885. Stop loss near 1845.

BUY NCDEX- September Guar Gum above 4665 with target of 4695 then 4710. Stop loss near 4650.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

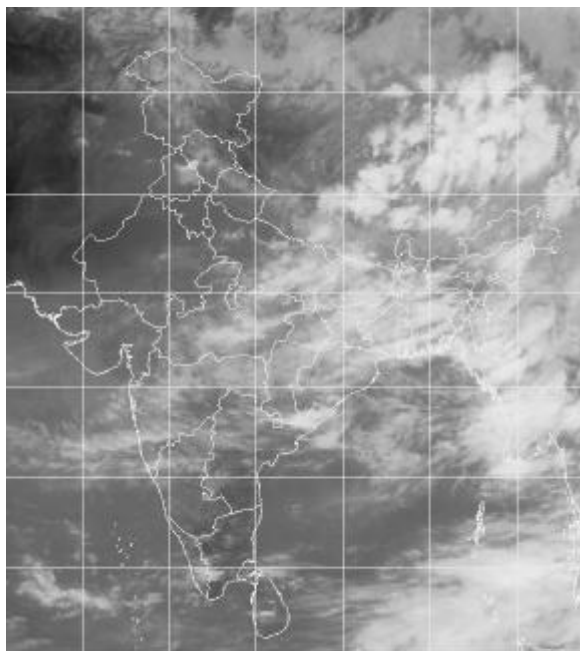
BUY MCX- September Guar Seed above 1816 with target of 1842. Stop loss near 1803.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	16.08.07	14.08.07	Change
Guar Seed	Bikaner	1750	1790	-40
	Jodhpur	1830-40	1890-95	-55
	Nokha	1710-20	1755	-35
Guar Gum	Sriganganagar			
	Jodhpur	4680	4760-70	-90

SATELLITE IMAGE OF MONSOON PROGRESS (as on 16.08.07)



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