

GUAR DAILY

7th, August 2007

SPOT MARKETS:

The prices of both guar seed and guar gum at most of the major markets declined due to rainfall over the parts of Rajasthan. Rains in parts of Rajasthan like Bikaner, Sriganganagar, Hanumangarh etc. imparted bearishness, as these rains are seen improving crop prospects. As per the forecast of IMD further rains are expected over the region on August 8th onwards, which may further depress the prices, as the sowing of the commodity in key guar growing areas (Bikaner, Nagaur, Nokha etc.) in Rajasthan is likely to start after the rains. Quality concern over the guar gum further aided bearishness in the market. Further, mild demand from millers and exporters are reported during the Monday's trade. Total arrivals at the majority of market declined marginally from the Saturday's level of 2000-2500 bags and stood at around 2000-2200 bags as stockists hoarding stocks. No arrival 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 with a small gap down at Rs. 1708/qrtl, down Rs. 6 against the previous close of Rs 1714/qrtl. Contract then traded down testing a low of Rs 1674/qrtl on increased selling pressure coupled with rains over some parts of Rajasthan before it closes at Rs 1703/qrtl. September contract traded in the range of Rs 1674-1708/qrtl and August contract traded in the range of Rs 1643-1675/qrtl. In September contract both open interest and volume declined. Guar gum September contract traded in the range of Rs 4281-4360/qrtl and August contract traded in the range of Rs 4153-4270/qrtl.

MCX Guar seed futures witnessed firm sentiment with bullish tone. September contract opened weak at Rs 1670/qrtl against the previous close of Rs 1696.5/qrtl and traded down initially testing a low of Rs 1661.0/qrtl. However, prices recovered on renewed buying interest and finally settled at Rs 1690.0/qrtl. September contract traded in the range of Rs 1661.0-1690.0/qrtl and August contract traded in the range of Rs 1626.0-1650.0/qrtl.

PRICE DRIVERS:

1. Quality concerns over Indian guar gum
2. Restricted arrivals in the market due to stockists hoarding
3. Forecast of rains over 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, Rains are likely over Rajasthan on August 8th onwards.

TECHNICALS:

A hammer pattern is formed which shows reversal. EMA and MACD remain bearish for medium-term. Stochastic entered into the oversold zone while RSI falling in the negative region. Market is expected to trade down following a steady to slightly firm 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.	1666	1677	1703	1730	1740
NCDEX Guar Gum Sept.	4300	4316	4358	4403	4424
MCX Guar Seed Sept.	1659	1671	1690	1719	1729

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- September Guar Seed below 1719 with target of 1699 then 1689. Stop loss near 1729.

SELL NCDEX- September Guar Gum below 4385 with target of 4355 then 4335. Stop loss near 4400.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

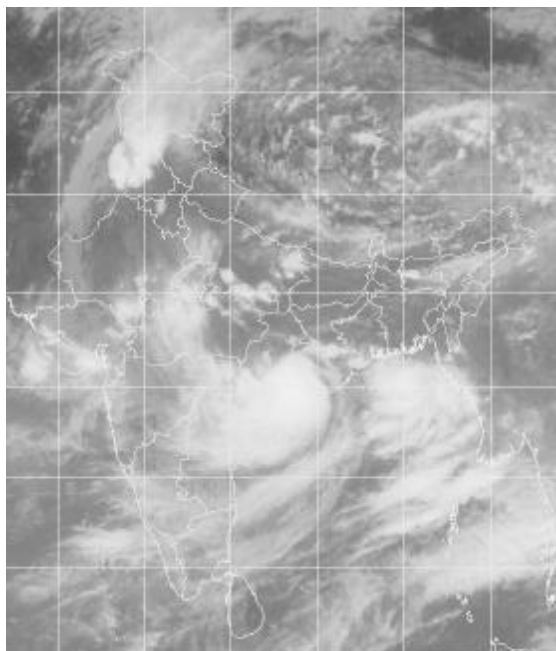
SELL MCX- September Guar Seed below 1707 with target of 1681. Stop loss near 1720.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	06.08.07	04.08.07	Change
Guar Seed	Bikaner	1680	1690-1700	-20
	Jodhpur	1750-60	1780	-20
	Nokha	1660-65	1680	-15
Guar Gum	Sriganganagar			
	Jodhpur	4375-4400	4450	-50

SATELLITE IMAGE OF MONSOON PROGRESS (as on 06.08.07)



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