

GUAR DAILY

24th, August 2007

SPOT MARKETS:

The prices of both guar seed and guar gum stood steady at most spot markets in Rajasthan on subdued trading activity. Further, reports of rains over the Western and Central part of Rajasthan restricted the upward movement of prices in the market, as these rains are favourable of early and recently sown guar crop. Also IMD predicted for rains and thundershowers over the western Rajasthan in next 24 hours. Thus, it is advisable to watch and monitor the rainfall activity as well as the acreage as the prices moves on these two factors. Mild demand from exporters and processors reported during the Thursday's trade. Recent rainfall over the Rajasthan region also affected the arrivals. Total arrivals at the various markets of Rajasthan declined from the Wednesday's level of 2500 to 2000-2100 bags. No arrivals reported in Bikaner and Nokha. Meanwhile, immediately after the quality issue for Indian guar gum raised by the European Commission on August 14th, the Danone took steps to stop the use of substance containing the suspect guar gum and has withdrawn an unspecified number of Yoghurts from the Romanian market citing the risk of dioxin contamination, which likely to hit the exports of Indian guar gum used in food additives to some extent.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. October contract opened weak at Rs. 1882/qttl, down Rs. 12 against the previous close of Rs 1894/qttl and traded down initially testing a low of Rs 1866/qttl. However, prices recovered thereafter on renewed buying interest at lower and tested high of Rs 1914/qttl before it closes at Rs 1904/qttl. October contract traded in the range of Rs 1866-1914/qttl and September contract traded in the range of Rs 1825-1864/qttl. In October contract open interest increased significantly while volume declined. Guar gum October contract traded in the range of Rs 4720-4810/qttl and September contract traded in the range of Rs 4625-4754/qttl.

MCX Guar seed futures witnessed firm sentiment with bullish tone. October contract opened weak at Rs 1849.0/qttl against the previous close of Rs 1858.5/qttl and traded down initially testing a low of Rs 1827.0/qttl. However, prices recovered thereafter on renewed buying interest testing a high of Rs 1868.0/qttl before it closes at Rs 1863.0/qttl. September contract traded in the range of Rs 1795.0-1830.0/qttl.

PRICE DRIVERS:

1. Reports of rains & drizzles over the Rajasthan region
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. Insufficient rains over Rajasthan region.
6. Good physical demand
7. Acreage and production is expected to fall in Rajasthan
8. Total production likely to decline marginally or remain steady compare to last year

WEATHER IMPACT:

IMD predicted for rains / thundershowers over the Western Rajasthan in next 24 hours and decrease thereafter.

TECHNICALS:

Candlestick chart pattern shows firmness in prices. MACD & EMA remains bullish for medium term. Stochastic has made bullish crossover in neutral region and RSI is also moving upward 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 October Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Oct.	1891	1902	1904	1948	1955
NCDEX Guar Gum Oct.	4756	4782	4795	4871	4886
MCX Guar Seed Oct.	1851	1861	1863	1903	1913

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- October Guar Seed above 1914 with target of 1929 then 1939. Stop loss near 1906.

BUY NCDEX- October Guar Gum above 4802 with target of 4834 then 4849. Stop loss near 4786.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

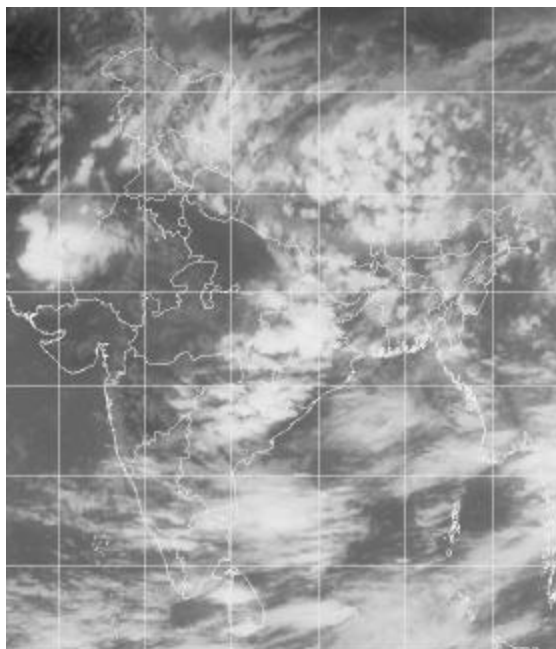
BUY MCX- October Guar Seed above 1873 with target of 1886 then 1896. Stop loss near 1866.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	23.08.07	22.08.07	Change
Guar Seed	Bikaner	1810	1810	-
	Jodhpur	1860	1860	-
	Nokha	1780	1780	-
Guar Gum	Sriganganagar			
	Jodhpur	4750-75	4750-75	-

SATELLITE IMAGE OF MONSOON PROGRESS (as on 23.08.07)



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