

GUAR DAILY

6th, September 2007

SPOT MARKETS:

Guar spot market witnessed weak sentiment during the Wednesday's trade. At Jodhpur market seed and gum prices declined by Rs 40 and Rs 75 on weak demand against slightly improved arrivals. Nokha and Bikaner also witnessed decline in prices by Rs 30 and Rs 20 respectively. Demand from exporters remained subdued or absent in the market, consequently, millers activity remain subdued in the market. Further, continued issue of quality of Indian guar gum affecting the export activity, which imparted bearish tone. Meanwhile, sources reported that around 20 - 25 per cent crop is damaged due to insufficient rainfall (where the irrigation facility is not available) and if there are no rains in next 4-5 days the damage would be around 30-35 per cent. On other hand, arrivals across the market in Rajasthan improved from the Tuesday's level of 2500 bags to 3000-3500 bags, as stockists released stock at improved prices. Nokha and Bikaner witnessed the arrivals of around 200-300 bags.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures traded weak at NCDEX. October contract opened firm at Rs. 1890/qrtl, up Rs 6 against the previous close of Rs 1884/qrtl and traded up initially testing a high of Rs 1893/qrtl. However, prices tumbled thereafter on increased selling pressure and profit taking testing a low of Rs 1817/qrtl before it closes at Rs 1821/qrtl. September contract traded in the range of Rs 1780-1847/qrtl. In October contract open interest declined while volume increased. Guar gum October contract traded in the range of Rs 4639-4781/qrtl and September contract traded in the range of Rs 4551-4690/qrtl.

MCX Guar seed futures traded weak. October contract opened firm at Rs 1835/qrtl against the previous close of Rs 1832/qrtl. Contract then traded down on increased selling pressure testing a low of Rs 1785.0/qrtl and settled at day's high of Rs 1785.0/qrtl.

PRICE DRIVERS:

- Forecast of rains over West Rajasthan & Haryana.
- Reports of crop damage due to insufficient rains over Haryana
- Unconfirmed report of crop damage in Sriganganagar
- Quality concerns over Indian guar gum
- Restricted arrivals in the market due to stockists hoarding
- Lower stock position in the market
- Weak physical demand
- Acreage and production is expected to fall in Rajasthan
- Total production likely to decline marginally compare to last year

WEATHER IMPACT:

IMD predicted for rains & thundershowers over West Rajasthan.

TECHNICALS:

A bearish engulfing pattern is formed in the chart breaking the short-term trend line, indicating reversal. MACD and EMA remain weak for the medium term. Stochastic is moving upward in the neutral region while RSI is deep in the neutral region. Market is expected to trade down following steady to weak opening with possibility of late upward movement.

OUTLOOK:

Guar seed futures are expected to trade range bound with weak bias.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Oct.	1777	1783	1821	1823	1835
NCDEX Guar Gum Oct.	4560	4573	4644	4651	4663
MCX Guar Seed Oct.	1749	1757	1785	1791	1800

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- October Guar Seed below 1814 with target of 1800 then 1793. Stop loss near 1822.

SELL NCDEX- October Guar Gum below 4630 with target of 4610 then 4600. Stop loss near 4640.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

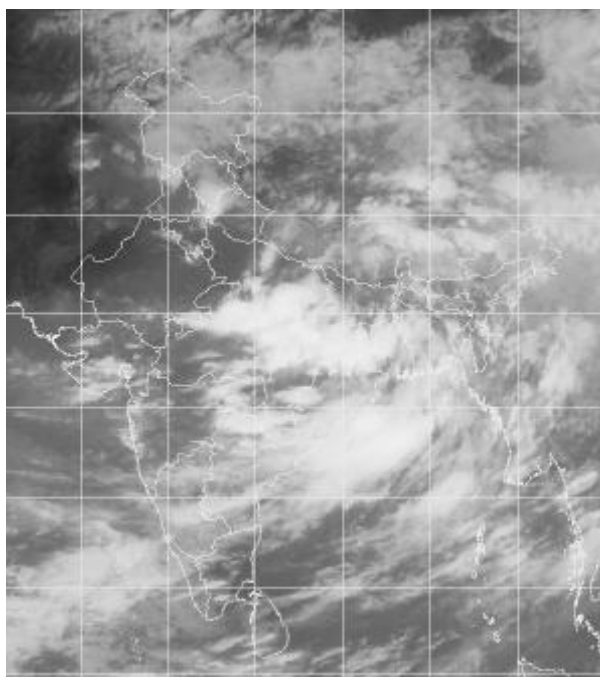
SELL MCX- October Guar Seed below 1780 with target of 1765. Stop loss near 1787.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	05.09.07	04.09.07	Change
Guar Seed	Bikaner	1730	1750-60	-30
	Jodhpur	1860	1890-1900	-40
	Nokha	1720	1730-40	-20
Guar Gum	Sriganganagar			
	Jodhpur	4700	4750-75	-75

SATELLITE IMAGE OF MONSOON PROGRESS (as on 05.09.07)



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd