

■ GUAR SEED

■ 20th, Sept. 2007

SPOT MARKETS:

Both guar seed and gum prices across the major mandis in Rajasthan stood steady at Tuesday's level on normal demand against steady arrivals. Mild demand from millers / processors reported during the Wednesday's trade whereas exporters' activity remained subdued or silent in the market. Arrivals at the majority of markets stood steady at Tuesday's level of 2800-3000 bags. Fresh arrivals in Sriganganagar mandis declined marginally from the 700-800 bags to around 500-600 bags (including some old stock of around 100-150 bags), as rains affected the quality of the seeds. Nokha received the arrivals of 100-150 bags and no arrivals reported in Bikaner mandis. Meanwhile, the prediction of rains / thundershowers over NW India and West Rajasthan restricted the upside in prices, as rains are beneficial for late sown crop in Rajasthan. Sources reported that rains over Haryana region may harm the quality of seeds as the crop is almost ready to harvest in irrigated areas. Further, the exporters are hopeful that EU may soon lift guar gum import ban.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures traded weak at NCDEX. The October contract for Guar seeds opened firm at Rs 1790/qrtl, Rs 1 up from the previous closing of Rs 1789/qrtl and traded up initially testing a high of Rs 1800/qrtl. However, prices skid thereafter erasing all the early gains on increased selling pressure testing a low of Rs 1758/qrtl before it closed at Rs 1760/qrtl. September contract traded in the range of Rs 1726-1764/qrtl. Guar gum October contract traded in the range of Rs 4525-4609/qrtl and September contract traded in a range of Rs 4464-4523/qrtl.

Guar seed futures traded weak at MCX. October contract opened weak with a gap down at Rs 1705 from previous close of Rs 1744 and traded up initially testing a high of Rs 1760. However, prices tumbled thereafter testing a low of Rs 1705 before it closed at Rs 1707.

PRICE DRIVERS:

- Quality concerns over harvested seeds as well as maturing crop in Sriganganagar due to recent heavy rains
- Forecast of rains over NW India & West Rajasthan
- Reports of lower yield in Haryana & Rajasthan
- Expectation of lower production in Pakistan
- Good demand from millers & exporters
- Fresh arrivals started in Sriganganagar & few parts in Haryana
- EU may soon lift guar gum import ban
- Lower stock position in the market
- Total production likely to decline marginally compare to last year

WEATHER IMPACT:

IMD predicted for rains / thundershowers over NW India & outside the West Rajasthan.

TECHNICALS:

Candlestick chart pattern shows weakness in prices. MACD and EMA remain weak for the medium-term. Stochastic heading up in neutral region while RSI is deep in the neutral region. Market is expected to trade range bound with weak bias with possibility of late upward movement.

OUTLOOK:

Guar seed futures are expected to trade sideways with weak bias.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Oct.	1725	1731	1760	1765	1774
NCDEX Guar Gum Oct.	4464	4481	4525	4544	4561
MCX Guar Seed Oct.	1670	1680	1707	1713	1722

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- October Guar Seed below 1756 with target of 1744 then 1739. Stop loss near 1762.

SELL NCDEX- October Guar Gum below 4517 with target of 4502 then 4495. Stop loss near 4525.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- October Guar Seed below 1700 with target of 1685. Stop loss near 1708.

Do not carry forward the position until the next day.

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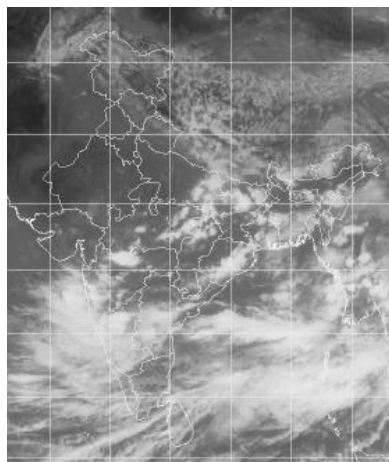
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	19.09.07	18.09.07	Change
Guar Seed	Bikaner	1725	1725	Nil
	Jodhpur	1820-30	1820-30	Nil
	Nokha	1730-40	1730-40	Nil
Guar Gum	Sri Ganganagar	1700-10	1700-10	Nil
	Jodhpur	4650	4650	Nil

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	September	1760	1764	1726	1727	1757	-30
	October	1790	1800	1758	1760	1789	-29
	November	1826	1836	1791	1792	1824	-32
	December	1866	1872	1828	1828	1860	-32
Guar Gum	September	4507	4523	4464	4464	4520	-56
	October	4603	4609	4525	4525	4598	-73
	November	4696	4697	4612	4612	4682	-70
	December	4760	4770	4701	4701	4765	-64

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 19.09.07)**

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