

GUAR DAILY

5th, September 2007

SPOT MARKETS:

The prices of both guar seed and guar gum ruled firm during the Tuesday's trade at the major markets in Rajasthan on improved demand from millers / processors. Guar seed prices at Jodhpur surged by Rs 50 and Bikaner, Nokha markets surged by Rs 40 compared to Monday's level. Guar gum prices at Jodhpur also witnessed increase in price by Rs 75. Demand for Churi and Korma motivated the millers to remain in the market. But the exporters' activity remained subdued in the market due to continued quality issue of guar gum. A team from EU is visiting India from 3 - 7 Sept to test guar gum. Exporters are in wait and watch state and looking forward for the result / findings of EU team. Further, unconfirmed reports of crop damage and expectation of lower production in Haryana due to insufficient rainfall affecting the yield supported the market sentiment. 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. Overall arrivals across the spot markets stood steady at 2000-2500 bags.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures traded firm at NCDEX. October contract opened firm at Rs. 1830/mtl, up Rs 10 against the previous close of Rs 1820/mtl. Contract then traded up on renewed buying interest coupled with talks of crop damage in some parts of Haryana and tested a high of Rs 1889/mtl before it closed at Rs 1885/mtl, up 3.63 per cent from the previous close. September contract traded in the range of Rs 1795-1846/mtl. In October contract both volume and open interest increased significantly. Guar gum October contract traded in the range of Rs 4670-4810/mtl and September contract traded in the range of Rs 4585-4712/mtl.

MCX Guar seed futures traded firm. October contract opened firm at Rs 1800/mtl against the previous close of Rs 1781.5/mtl. Contract then traded up on renewed buying interest testing a high of Rs 1835.0/mtl and settled at day's high of Rs 1835.0/mtl.

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
- Good 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 and scattered rains / thundershowers over Haryana.

TECHNICALS:

A long hollow candlestick is formed with closing above the resistance of 1882 indicating firmness in market. MACD and EMA remains firm for the medium- term. MACD entered in to the neutral region. Both Stochastic and RSI is moving upward in the neutral region. Market is expected to trade upward with possibility of late down ward movement.

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.	1863	1876	1885	1929	1939
NCDEX Guar Gum Oct.	4775	4801	4800	4871	4890
MCX Guar Seed Oct.	1817	1830	1835	1871	1880

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- October Guar Seed above 1890 with target of 1905 then 1915. Stop loss near 1882.

BUY NCDEX- October Guar Gum above 4818 with target of 4840 then 4851. Stop loss near 4807.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

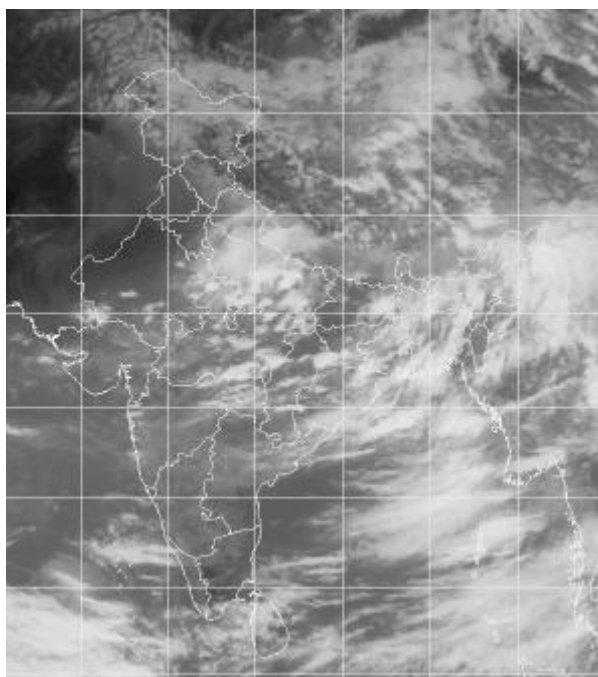
BUY MCX- October Guar Seed above 1844 with target of 1859. Stop loss near 1836.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.09.07	03.09.07	Change
Guar Seed	Bikaner	1750-60	1720	+40
	Jodhpur	1890-1900	1850	+50
	Nokha	1730-40	1700	+40
Guar Gum	Sriganganagar			
	Jodhpur	4750-75	4675-4700	+75

SATELLITE IMAGE OF MONSOON PROGRESS (as on 04.09.07)



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