

GUAR DAILY

7th, September 2007

SPOT MARKETS:

Amidst reports of drizzles over few parts of Haryana and cloudy condition over parts of West & Central Rajasthan, guar spot prices skid further at major mandis in Rajasthan. Guar seed prices at Jodhpur, Bikaner, Nokha and Sriganganagar eased by Rs 10 respectively and guar gum prices at Jodhpur market declined by Rs 25 compared to Wednesday. Sources reported that recent rains over parts of Haryana are insufficient and hence, not favourable for the guar crop yield. And as the dry spell is continuing, expectation of improvement in production is fading. It was also reported that supplies are low at lower prices in the markets, due to unwillingness among the stockists and to some extent among farmers to sell at lower price level, which is restricting the downside. Meanwhile, fresh arrivals of guar seed are started in Sriganganagar mandis and around 1200-1300 bags reported (including some old stocks) there. Few mandis in Haryana also witnessed some fresh arrivals. Total arrivals across the mandis in Rajasthan improved from the Wednesday's level from 3000-3500 to around 4000-4200 bags. No arrivals reported in Bikaner whereas Nokha received the arrivals of 150-200 bags. A good demand from millers / processors is reported at lower prices levels.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures extended Wednesday's losses at NCDEX. October contract opened weak at Rs. 1815/qty, down Rs 11 against the previous close of Rs 1826/qty and traded up initially testing a high of Rs 1823/qty. However, prices tumbled thereafter on increased selling pressure testing a low of Rs 1788/qty before it closes at Rs 1810/qty on some buying interest at lower levels. September contract traded in the range of Rs 1730-1787/qty. Guar gum October contract traded in the range of Rs 4586-4655/qty and September contract traded in the range of Rs 4513-4580/qty.

MCX Guar seed futures traded weak. October contract opened weak at Rs 1760/qty against the previous close of Rs 1808.5/qty and traded down initially testing a low of Rs 1756.0/qty. However, recovered thereafter on renewed buying interest testing a high of Rs 1775.0/qty before it closes at Rs 1768.0/qty below the Wednesday's close.

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 doji like candlestick is formed indicating possibility of reversal. Long lower shadow reflects good buying support at lower level. MACD and EMA remain weak for the medium term. Stochastic is moving upward in the neutral region while RSI is moving down 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.	1804	1812	1810	1857	1864
NCDEX Guar Gum Oct.	4622	4633	4634	4705	4724
MCX Guar Seed Oct.	1755	1764	1768	1795	1807

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- October Guar Seed above 1822 with target of 1837 then 1845. Stop loss near 1814.

BUY NCDEX- October Guar Gum above 4656 with target of 4676 then 4686. Stop loss near 4646.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

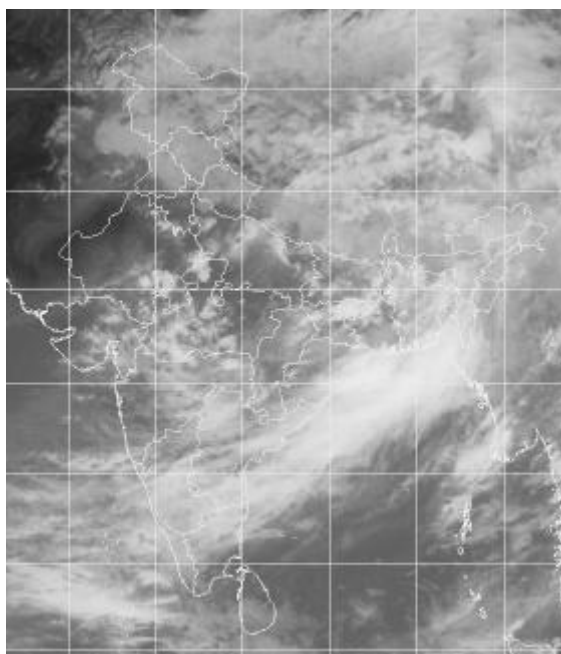
BUY MCX- October Guar Seed above 1773 with target of 1788. Stop loss near 1765.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	06.09.07	05.09.07	Change
Guar Seed	Bikaner	1720	1730	-10
	Jodhpur	1850	1860	-10
	Nokha	1710	1720	-10
Guar Gum	Sriganganagar	1700-10	-	-
	Jodhpur	4675	4700	-25

SATELLITE IMAGE OF MONSOON PROGRESS (as on 06.09.07)



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