

■ GUAR SEED

■ 28th, Sept. 2007

SPOT MARKETS:

Guar seed and gum prices improved across the markets in Rajasthan on good demand coupled with reports that EU begins accepting Indian guar gum. Guar seed prices went by Rs 10-25 at Jodhpur, Bikaner, Sriganganagar and Nokha markets compared to Wednesday. At Jodhpur, guar gum prices were up by Rs 25. Good demand from millers / processors reported in the market following a demand from exporters. The European Union (EU) begins accepting Indian guar gum consignment. The steps have been taken on the back of test conducted on various samples of guar gum in accredited laboratories (Vimta Lab in Hyderabad) which shows no sign of toxins (dioxin & pentachlorophenol) and based on its certification, consignments are accepted. However, a team from EU is supposed to visit India in early October to check the testing facilities available in the country. Arrivals across the markets stood steady at Wednesday's level of 3000 bags. Fresh arrivals in Sriganganagar reported at 600-700 bags. Meanwhile, the growth and yield of guar crop may be affected in Western & Central Rajasthan as IMD predicted for withdrawal of SW monsoon in next 3 days over Rajasthan and NW India. It is noted that the harvesting of the crop is likely to start after mid-November and the crop requires one more spell of rains in between, in absence of which the yield may fall. It also predicted for rains over Haryana region, which may hinder the harvesting as well as harm the quality of seed and tightens the supply and boost the prices.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures traded range bound at NCDEX. The November contract for Guar seeds opened firm at Rs 1722/qrtl, Rs 6 up from the previous closing of Rs 1716/qrtl and traded down initially testing a low of Rs 1715/qrtl. However, prices recovered thereafter on some renewed buying interest testing a high of Rs 1744/qrtl before it closed at Rs 1725/qrtl. November contract traded in the range of Rs 1714-1744/qrtl and October contract traded in the range of Rs 1684-1712/qrtl. Guar gum November contract traded in the range of Rs 4390-4447/qrtl and October contract traded in the range of Rs 4320-4380/qrtl.

PRICE DRIVERS:

- Total acreage in Rajasthan is estimated at 2.14 mln ha compared to last year's 2.81 mln ha.
- EU begins accepting guar gum consignment
- Quality concerns over harvested seeds as well as maturing crop in Sriganganagar due to recent rains
- Reports of lower yield in Haryana & Rajasthan
- Expectation of lower production in Pakistan
- Good demand from millers & exporters
- Fresh arrivals started in Sriganganagar
- Lower stock position in the market

WEATHER IMPACT:

IMD predicted for withdrawal of SW monsoon over parts of Rajasthan and NW India. It also predicted for rains over Haryana.

TECHNICALS:

Candlestick chart pattern shows indecisive market. MACD and EMA remain weak for the medium-term. Stochastic is moving flat while RSI is heading upward in the oversold zone. So a bounce back cannot be ruled out. 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 November Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Nov.	1717	1725	1725	1752	1763
NCDEX Guar Gum Nov.	4410	4420	4425	4471	4481
MCX Guar Seed Nov.	1650	1663	1684	1728	1740

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- November Guar Seed above 1733 with target of 1743 then 1748. Stop loss near 1727.

BUY NCDEX- November Guar Gum above 4435 with target of 4450 then 4457. Stop loss near 4427.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- November Guar Seed above 1690 with target of 1710. Stop loss near 1680.

Do not carry forward the position until the next day.

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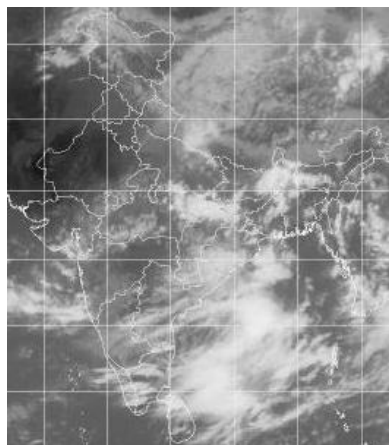
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.09.07	26.09.07	Change
Guar Seed	Bikaner	1650-55	1645	+10
	Jodhpur	1780-90	1755-65	+25
	Nokha	1665-75	1655-65	+10
Guar Gum	Sri Ganganagar	1660-65	1645-55	+10
	Jodhpur	4450-75	4425-50	+25

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	October	1688	1712	1684	1695	1685	+10
	November	1722	1744	1714	1725	1716	+9
	December	1751	1774	1745	1755	1746	+9
Guar Gum	October	4330	4380	4320	4359	4322	+37
	November	4395	4447	4390	4425	4382	+43
	December	4475	4519	4470	4490	4460	+30

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 27.09.07)**



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