

■ GUAR SEED

■ 21st, Sept. 2007

SPOT MARKETS:

Amidst forecast of rainfall over NW India coupled with weak physical demand and steady arrivals, both guar seed and gum prices declined across the major markets in Rajasthan. Guar seed prices declined by Rs 10-20 at Jodhpur, Bikaner, Sriganganagar and Nokha markets compared to Wednesday's. At Jodhpur, guar gum declined by Rs 50-75. Sources, reported that the rains would favour the crop in non-irrigated areas of Haryana, which imparted bearishness. However, it may harm the crop in irrigated areas as well as harm the quality of the harvested seed. Meanwhile, fresh arrivals started in few places in Haryana, which further pressurized the prices. Arrivals at the majority of markets in Rajasthan stood steady at Wednesday's level of 2800-3000 bags. Fresh arrivals in Sriganganagar markets stood at around 500-600 bags (including some old stock of around 100-150 bags). Nokha received the arrivals of 100-150 bags and no arrivals reported in Bikaner markets.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures traded witnessed lacklustre trade at NCDEX. The October contract for Guar seeds opened weak at Rs 1758/qrtl, Rs 10 down from the previous closing of Rs 1768/qrtl and traded up in early hours testing a high of Rs 1770/qrtl. However, prices tumbled thereafter on increased selling pressure testing a low of Rs 1735/qrtl before it closes at Rs 1755/qrtl. September contract traded in the range of Rs 1700-1730/qrtl. Guar gum October contract traded in the range of Rs 4421-4540/qrtl and September contract traded in a range of Rs 4400-4470/qrtl.

Guar seed futures traded weak at MCX. October contract opened weak at Rs 1720.0 from previous close of Rs 1720.5 and traded up initially testing a high of Rs 1785.0. However, prices tumbled thereafter testing a low of Rs 1681.0 before it closed at Rs 1691.5.

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
- 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 scattered to fairly widespread rainfall activity over NW India.

TECHNICALS:

Candlestick chart pattern shows indecisive market. Long lower shadow of the candlestick reflects good buying support at lower level. MACD and EMA remain weak for the medium-term. Stochastic moving up in neutral region while RSI is moving down in the neutral region. Market is expected to trade range bound with firm bias with possibility of late upward movement.

OUTLOOK:

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

NCDEX Guar Seed October Contract:**SUPPORT / RESISTANCES (NCDEX and MCX):**

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Oct.	1743	1751	1755	1790	1802
NCDEX Guar Gum Oct.	4456	4464	4471	4551	4562
MCX Guar Seed Oct.	1680	1690	1691.5	1730	1738

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- October Guar Seed above 1764 with target of 1774 then 1779. Stop loss near 1759.

BUY NCDEX- October Guar Gum above 4486 with target of 4502 then 4510. Stop loss near 4478.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- October Guar Seed above 1700 with target of 1720. Stop loss near 1690.

Do not carry forward the position until the next day.

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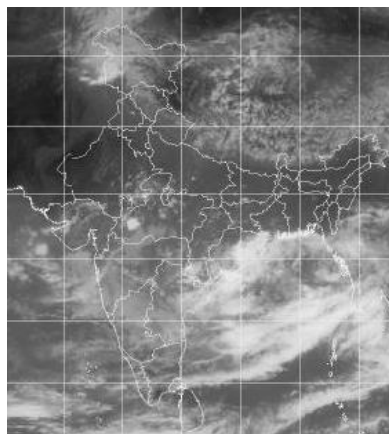
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.09.07	19.09.07	Change
Guar Seed	Bikaner	1700-1710	1725	-15
	Jodhpur	1800-1810	1820-30	-20
	Nokha	1720-30	1730-40	-10
Guar Gum	Sri Ganganagar	1690-1700	1700-10	-10
	Jodhpur	4575-4600	4650	-50

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	September	1725	1730	1700	1707	1734	-27
	October	1758	1770	1735	1755	1768	-13
	November	1790	1804	1766	1788	1800	-12
	December	1825	1839	1796	1820	1828	-8
Guar Gum	September	4460	4470	4400	4440	4509	-69
	October	4530	4540	4421	4471	4546	-75
	November	4610	4614	4492	4540	4624	-84
	December	4650	4699	4576	4621	4701	-80

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 20.09.07)**



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