

■ GUAR SEED

■ 5th, Oct. 2007

SPOT MARKETS:

Guar seed and gum prices remained mostly weak all across the board as the subdued demand for the poor quality seeds weighed on the prices. Currently harvest is in progress in northern Rajasthan's Sri Ganganagar belt where the almost half of the current fresh arrivals are rain affected blackened seeds, demand for which is poor. However, the demand is healthy for quality seeds from millers as well as stockists. The market is expected to see quality seeds within a week or so when the late harvested crop of Sri Ganganagar will hit the market. Overseas buyers might be eyeing Pakistan guar crop, which is round the corner. However, as the crop there is reportedly poor this year, they are not likely to get cheap imports. This also enhances the prospects of healthy overseas demand for the Indian produce. EU's acceptance of guar shipments from the country also speaks in favour of Indian exports. So, the prices have limited downside potential from here for the time being as the main crop of Bikaner region is still far away. Increased arrivals of 8000-10000 bags were seen on Thursday in Rajasthan against 7000-8000 bags on the previous day. Increased arrivals and some poor quality seeds kept the prices subdued during the session.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures traded weak at NCDEX on Thursday as traders booked profits after yesterday's sharp gains. The November contract for Guar seeds opened firm at Rs 1735/qrtl, Rs 5 up from the previous closing of Rs 1730/qrtl and traded upwards initially to see the highs of Rs 1742/qrtl. However the prices couldn't sustain the higher levels and slipped to the lows of Rs 1707/qrtl before finally closing at Rs 1717/qrtl. October contract traded in the range of Rs 1676-1703/qrtl during the session. Guar gum November contract traded in the range of Rs 4355-4415/qrtl and October contract traded in the range of Rs 4280-4320/qrtl.

PRICE DRIVERS:

- Arrivals gathering momentum in Sri Ganganagar belt of Rajasthan
- 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:

Mainly dry weather is likely over Punjab, Haryana, Rajasthan and Gujarat, which is suitable for crop in the flowering stage in Rajasthan and maturity stage in Haryana. Dry weather is also conducive for the harvest of the crop in northern Rajasthan.

TECHNICALS:

The prices again slipped below short term EMA, which supports bears. MACD continues to move downwards in negative region, which shows increase in bearish momentum. Stochastic has just entered in normal region from oversold region, which is a positive sign. RSI is showing weakness in normal region. Market is expected to trade volatile with bullish bias.

OUTLOOK:

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

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Nov.	1690	1705	1717	1743	1776
NCDEX Guar Gum Nov.	4318	4350	4377	4450	4488
MCX Guar Seed Nov.	1623	1654	1680	1729	1749

INTRADAY TRADE RECOMMENDATION (NCDEX):

Buy NCDEX- November Guar Seed above 1725 with target of 1745 then 1760. Stop loss near 1713.

Buy NCDEX- November Guar Gum above 4390 with target of 4422 then 4449. Stop loss near 4370.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

Buy MCX- November Guar Seed above 1685 with target of 1705. Stop loss near 1670.

Do not carry forward the position until the next day.

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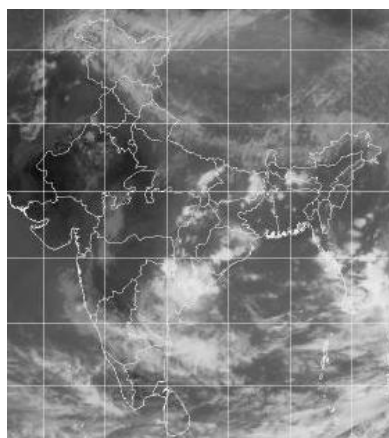
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.10.07	03.09.07	Change
Guar Seed	Bikaner	1625-30	1625-30	-
	Jodhpur	1765	1775	-10
	Nokha	1650	1640-50	-
Guar Gum	Sri Ganganagar	1525-1542	1580-85	-43
	Jodhpur	4325	4385	-60

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	October	1703	1703	1676	1685	1698	-13
	November	1735	1742	1707	1717	1730	-13
	December	1771	1771	1739	1749	1765	-16
Guar Gum	October	4305	4320	4280	4315	4327	-12
	November	4415	4415	4355	4377	4411	-34
	December	4462	4470	4430	4441	4480	-39

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 03.10.07)**



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