

■ GUAR SEED

■ 22th, Oct. 2007

SPOT MARKETS:

Guar seed and gum-traded firm in most of the markets Saturday in a normal demand supply situation. The Arrivals of about 50000-60000 bags were seen in different markets against 40000-45000 bags on Friday. Market will be keenly eyeing the report from EU delegates in the coming week. The report is expected to be in favour of Indian guar. Once the demand from overseas markets gathers momentum, the prices will inch further higher. The export demand remains firm during October to February period. Currently the demand is coming mainly from millers to cater domestic needs. Due to poor quality of seeds, the stockists and exporters are buying selectively from the market. Quality of seeds from western Rajasthan's Guar crop is expected to be good, provided it gets rain during pod filling stage. In case of sustained dry weather in the region quality as well as yield will be affected. The prospects of Indian guar look positive this year despite stronger rupee, as the production is said to be lower in Pakistan. In such a scenario, demand for quality seeds is expected to remain strong, which in turn will limit the downside potential of guar seed prices.

FUTURES MARKETS (NCDEX & MCX):

Guar seed and guar gum futures traded firm on the last trading day of the week. NCDEX Guar seed December contract opened weak at Rs1762/qrt, thereafter it traded positive in the range of Rs 1758-1778/qrt before finally closing the session at Rs 1778/qrt. NCDEX November contract traded between Rs 1719-1735/qrt during the session. Guar gum NCDEX Deember contract traded volatile after opening at Rs 4400/qrt. The contract traded in the range of Rs 4373-4410/qrt. The session closed at Rs 4410/qrt. The November contract traded between Rs 4290-4320/qrt.

PRICE DRIVERS:

- Market is expecting EU team's report positive
- Arrivals now expected to gradually fall in Sriganganagar region
- Sluggish demand from stockists
- Arrivals in Haryana is increasing, seed quality is poor
- Reports of lower yield in Haryana
- Expectation of lower production in Pakistan
- Good demand from millers
- Shortage of quality seeds in the market

WEATHER IMPACT:

Dry weather conditions prevail in the main guar growing regions, which is conducive for the harvest of the crop in early sown areas of Rajasthan and Haryana. Western Rajasthan is waiting for rains for its pod-bearing crop.

TECHNICALS:

The prices closed above short term and medium term EMA, which supports bulls. MACD is showing continuous improvement in bullish momentum and has just entered in positive region, which is a positive sign. Stochastic is also rising upward in normal region supporting bulls.

OUTLOOK:

Guar futures may trade volatile with bullish bias.

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

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Dec.	1739	1750	1778	1800	1810
NCDEX Guar Gum Dec.	4339	4360	4410	4457	4492
MCX Guar Seed Dec.	1683	1698	1716.5	1742	1752

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- December Guar Seed above 1771 with target of 1790. Stop loss at 1760.

BUY NCDEX- December Guar Gum above 4386 with target of 4428 and then 4448. Stop loss at 4360.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

BUY MCX- December Guar Seed above 1710 with target of 1730. Stop loss near 1700.

Do not carry forward the position until the next day.

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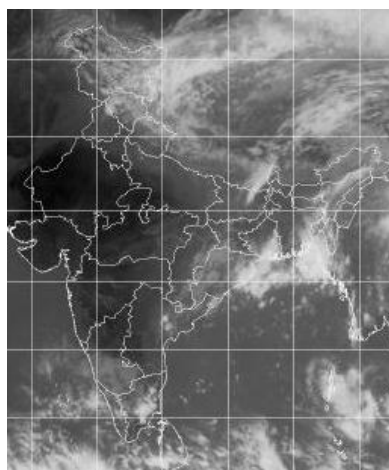
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	12.10.07	21.10.07	Change
Guar Seed	Bikaner	NA	1640-45	-
	Jodhpur	1730-1760	1735	+25
	Nokha	1700	1660	+40
Guar Gum	Sri Ganganagar	1580	1601	+17
	Jodhpur	4325	4200	+75

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	November	1723	1735	1719	1735	1725	+10
	December	1762	1778	1758	1778	1767	+11
	January	1800	1815	1794	1815	1802	+13
Guar Gum	November	4295	4320	4290	4314	4314	00
	December	4400	4410	4373	4410	4396	+14
	January	4479	4492	4460	4492	4483	+9

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 20.10.07)**



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