

GUAR COMPLEX

Agriwatch
DAILY

■ GUAR SEED

■ 26th Oct, 2007

SPOT MARKETS:

Guar seed and gum continue to trade with a bearish sentiment during Thursday's trade. Increased arrivals in the domestic market have pressurized the prices. Arrivals have increased further from around 70000-75000 bags to around 80000-85000 bags on all India basis. Traders are reporting sluggish demand amidst increased arrivals as the major reason behind the fall in guar prices. However, prices remain supported by the expectations of the European Union clearing the issues related to guar gum exports. Consequently, some stockists demand was present in the market. Guar gum prices also declined in the line of guar seed prices and traders are eyeing further reports from the EU regarding the contamination issue. Export demand for guar gum remains weak at present because of the off colour. Quality seeds Western Rajasthan are likely to be seen in the market yards only after 15th of November, thus resulting in a temporary void in supplies of good quality seeds. Prices are likely to recover in the medium-term, but may see some weakness in the day ahead on higher arrivals in the market.

FUTURES MARKETS (NCDEX & MCX):

Guar seed as well as guar gum futures at NCDEX witnessed downward movement after some recovery in the previous session. Most active December guar seed contract at NCDEX opened lower than previous settlement and tested an intraday high of Rs. 1782 at the early hours of trade. The futures traded downwards thereafter on increased selling interest and tested an intraday low of Rs. 1762 during late hours of trading. Most active December guar seed contract finished lower by Rs. 9 or 0.52 per cent after trading in the range of Rs. 1762-1782 during Thursday's trade.

Most active December guar gum contract finished lower by Rs. 20 or 0.45 per cent after trading in the range of Rs. 4396-4440 during Thursday's trade.

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:

Candlesticks pattern indicates steady to weak opening and initial downtrend. Prices closed below the 9-day EMA, suggesting a short-term bearish trend in the market. However, the close above the 18-day EMA is somewhat firm for the market. MACD is about to make a bearish crossover in the positive territory. 14-day RSI is in neutral region and would support both way movements. Guar futures are likely to trade downwards following a steady to weak opening with possibility of some upward movements later in the session.

NCDEX Guar Seed December Contract:

Guar seeds 0712(NCGUAZ7)2007/10/26 - Daily B:1765.00 A:1766.00
C 1772.00 H 1782.00 L 1762.00 C 1765.00 V 55,480 I 119,570 -11
EMA(9) 1766.3 (18) 1760.7



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Dec.	1740	1748	1765	1775	1784
NCDEX Guar Gum Dec.	4325	4350	4400	4425	4445
MCX Guar Seed Dec.	1742	1750	1770	1777	1785

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- December Guar Seed above 1768 with target of 1756 and then 1750. Stop loss at 1774.

SELL NCDEX- December Guar Gum above 4405 with target of 4375. Stop loss at 4420.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

SELL MCX- December Guar Seed above 1772 with target of 1760. Stop loss near 1777.

Do not carry forward the position until the next day.

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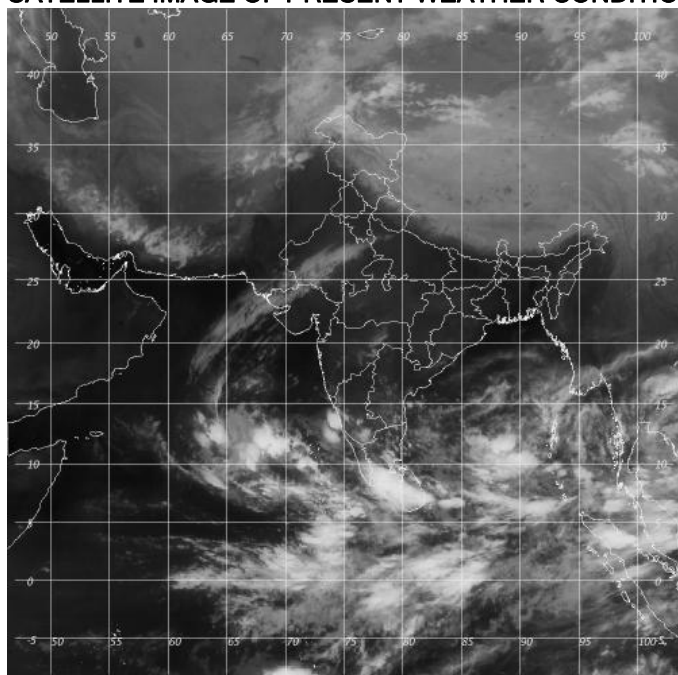
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GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centre	25.10.2007	24.10.2007	Change
Guar Seed	Bikaner	1640	1650	-10
	Jodhpur	1715	1725	-10
	Nokha	Na	Na	-
	Sri Ganganagar	1550-60	1560-70	-10
Guar Gum	Jodhpur	4300	4325	-25

SATELLITE IMAGE OF PRESENT WEATHER CONDITIONS: (Source: IMD)



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