

■ GUAR SEED

■ 6th, Oct. 2007

SPOT MARKETS:

Guar seed and gum prices remained slightly firm in domestic markets as depleting stocks and poor quality of fresh seeds arriving in Sriganganagar is keeping supplies of quality seeds tight against normal demand from millers and stockists. Increased arrivals of 12000 bags were seen on Friday in Rajasthan against 8000-10000 bags on the previous day. Meanwhile, with the EU's acceptance of Indian exports of guar gum, the prospects of revival of exports demand has improved, which in turn is likely to support the prices. Production figures are hard to quantify at this stage as the crop in the major producing belts are only in the flowering stage and are needing a spell of showers before maturity to attain a good yield. However, withdrawal of Monsoon from the state is posing threat to crop prospects. So, its really a touch and go situation where the production can swing in either direction depending upon the weather conditions. In such a situation market is likely to trade sideways to slightly firm until the crop situation becomes clear. Even if the crop comes normal, the export demand for guar, which normally remains strong during October to Feruary, might support the prices especially when the Guar crop of Pakistan is expected poor.

FUTURES MARKETS (NCDEX & MCX):

Guar seed futures traded weak at NCDEX on Friday extending the losses of the previous session. The November contract for Guar seeds opened weak at Rs 1712/ctl, Rs 3 down from the previous closing of Rs 1715/ctl and traded mostly weak in the range of Rs 1696-1718/ctl before closing the session with moderate losses. October contract traded in the range of Rs 1668-1692/ctl during the session. Guar gum November contract also traded weak in the range of Rs 4320-4367/ctl and October contract traded in the range of Rs 4255-4305/ctl.

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
- 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 continues to hold the levels below short term and Medium term EMAs, which supports bears. MACD has turned flat in negative zone. Stochastic is however supporting bulls in normal region. RSI is showing weakness in normal region. Guar seed is expected to trade range bound.

OUTLOOK:

Guar seed futures are expected to trade range bound.

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

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Nov.	1677	1685	1705	1741	1764
NCDEX Guar Gum Nov.	4250	4280	4325	4375	4410
MCX Guar Seed Nov.	1623	1640	1667	1711	1730

INTRADAY TRADE RECOMMENDATION (NCDEX):

Sell NCDEX- November Guar Seed below 1704 with target of 1685. Stop loss near 1716.

Sell NCDEX- November Guar Gum below 4320 with target of 4285. Stop loss near 4345.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

Sell MCX- November Guar Seed below 1665 with target of 1645. Stop loss near 1680.

Do not carry forward the position until the next day.

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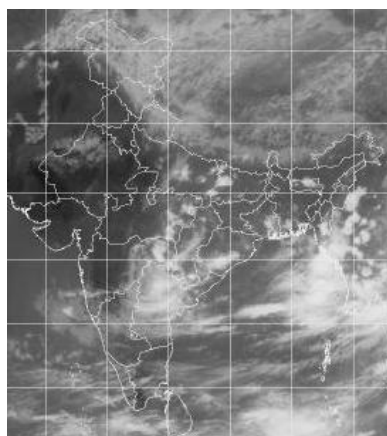
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	05.10.07	04.09.07	Change
Guar Seed	Bikaner	1635-1637	1625-30	+7
	Jodhpur	1770	1765	+5
	Nokha	1650	1650	-
Guar Gum	Sri Ganganagar	1562	1525-1542	+20
	Jodhpur	4350	4325	+25

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	October	1684	1692	1668	1677	1685	-8
	November	1712	1718	1696	1705	1715	-10
	December	1747	1750	1730	1736	1748	-12
Guar Gum	October	4300	4305	4255	4273	4298	-25
	November	4367	4367	4320	4325	4379	-54
	December	4426	4433	4390	4400	4452	-52

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



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