

■ GUAR SEED

■ 9th, Oct. 2007

SPOT MARKETS:

Guar seed and gum, traded weak on Monday as increasing arrivals pressured the prices. Poor quality of fresh seeds reaching in the market yards and panic selling by stockists on indecision over EU team inspection results also hammered the prices down. Increased arrivals of 25000-30000 bags were seen in different markets against total arrivals of 12000-13000 bags on Saturday with increased arrivals of 12000-14000 bags in Sriganganagar region. Arrivals in Haryana are also gathering momentum with the progress of harvest. Meanwhile, the poor quality of seeds in the market is hampering the buying interest of stockists, however some buying from millers was seen during the day. With the EU team inspecting the quality testing facilities in the country, the whole market is the eyeing the results of the same. Stockists are selling in panic, as any negative signal from the team would severely affect the guar market. However, on if the team finds the quality testing facilities in the country proper, the clouds over the export prospects of the guar gum from the country will be cleared. So, a lot will depend on the result of these inspections and thus demand at the moment is slightly weak looking at the uncertainty in the market. Guar seed market is likely to remain subdued until it sees the green signal from the EU team and good quality seeds start reaching the markets.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed November futures traded volatile in the price range of Rs 1654 - 1677/qrtl after opening weak at Rs 1665 on Monday. The days trading however ended slightly above previous days close at Rs 1673/qrtl. October Guar seed contract traded in the range of Rs 1626-1650/qrtl during the session. The guar gum futures ended positive after opening weak at the NCDEX on Monday. The Guar gum futures [November contract] opened weak at Rs 4230/qrtl against the previous close of Rs 4259/qrtl. The futures traded in the price band of Rs 4220-4270/qrtl and Guar gum October contract traded in the range of Rs 4151-4190/qrtl.

PRICE DRIVERS:

- Harvesting gathering momentum in Sriganganagar
- Panic selling by stockists
- Arrivals in Haryana has started, seed quality is poor
- 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
- Poor quality of seeds in Sriganganagar
- 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:

IMD predicted for withdrawal of SW monsoon from some more parts of Rajasthan, NW India and Punjab.

TECHNICALS:

Long lower shadow of candlestick shows tentativeness at lower levels. The prices continue to hold the levels below short and medium term EMAs, which supports bears. MACD is showing increase in bearish momentum. Stochastic however is turning down in normal region. Market is expected to trade volatile with bearish bias.

OUTLOOK:

Guar seed futures are expected to trade range bound with bearish bias.

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed Nov.	1620	1638	1673	1704	1717
NCDEX Guar Gum Nov.	4170	4200	4262	4322	4360
MCX Guar Seed Nov.	1600	1620	1641.50	1664	1680

INTRADAY TRADE RECOMMENDATION (NCDEX):

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

Sell NCDEX- November Guar Gum below 4250 with target of 4210. Stop loss near 4275.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

Sell MCX- November Guar Seed below 1638 with target of 1620. Stop loss near 1650.

Do not carry forward the position until the next day.

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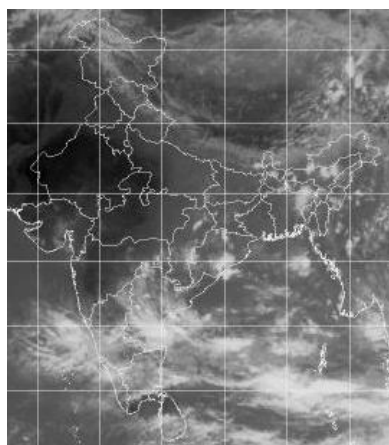
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	08.10.07	08.10.07	Change
Guar Seed	Bikaner	1590	1610	-20
	Jodhpur	1675.80	1730-35	-55
	Nokha	1630-40	1630	-
Guar Gum	Sri Ganganagar	1460-1500	1540	-40
	Jodhpur	4275	4300	-25

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	October	1637	1650	1626	1644	1644	0
	November	1665	1678	1654	1673	1670	+3
	December	1696	1707	1682	1704	1700	+4
Guar Gum	October	4157	4190	4151	4180	4179	+1
	November	4230	4270	4220	4262	4259	+3
	December	4290	4345	4290	4328	4335	-7

**SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 08.10.07)**



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