

■ GUAR SEED

■ 8th, Oct. 2007

SPOT MARKETS:

Guar seed and gum, traded weak on the last trading day of the week at most of the trading centers as increasing arrivals and poor quality of seeds pressured the prices. Arrivals are gathering momentum in Ganganagar and Hanumangarh centers of Rajasthan, however the poor quality of rain-affected seeds are keeping the demand weak. Meanwhile, fresh seeds have started hitting the market yards in Haryana, where the quality of seeds is also reported to be poor. Arrivals of near 5000-6000 bags were seen in Haryana, whereas total arrivals in Rajasthan stood at 12000-13000 bags. Though the market has good demand for the quality seeds, poor quality of the fresh harvest is keeping the prices subdued. Meanwhile, the European Union food safety experts are inspecting India's efforts to eliminate dioxin contamination from a food gum and are likely to finish their work by October 12. The fate of the guar market would depend upon the report of this team to a great extent. Once 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. As a large chunk of domestic guar production finds its way to the overseas market, the export demand plays a major role in determining the price of the commodity. 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):

Guar seed futures traded weak at NCDEX. The November contract for Guar seeds opened gap down at Rs 1697/qtt, Rs 8 down from the previous closing of Rs 1705/qtt and traded down to test an intraday low of Rs 1664/qtt before finally closing the session at Rs 1668/qtt. The prices hovered in the range of Rs 1664-1703 during the period. The October contract traded in the range of Rs 1639--1674/qtt. Guar gum November contract traded in the range of Rs 4241-4320/qtt and October contract traded in the range of Rs 4171-4250/qtt.

PRICE DRIVERS:

- § 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:

The bearish long day pattern of candlestick shows dominance of bears. 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 running upwards in normal region.

OUTLOOK:

Guar seed futures expected to trade volatile 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	1668	1704	1717
NCDEX Guar Gum Nov.	4170	4200	4250	4322	4360
MCX Guar Seed Nov.	1600	1620	1641.50	1664	1680

INTRADAY TRADE RECOMMENDATION (NCDEX):

Sell NCDEX- November Guar Seed below 1680 with target of 1650 then 1640. Stop loss near 1695.

Sell NCDEX- November Guar Gum below 4275 with target of 4230 then 4210. Stop loss near 4300.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

Sell MCX- November Guar Seed below 1650 with target of 1630 and then 1620. Stop loss near 1660.

Do not carry forward the position until the next day.

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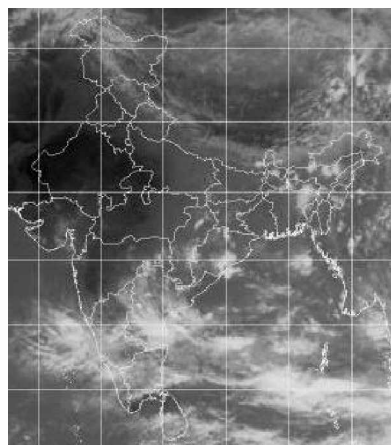
GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	06.10.07	05.10.07	Change
Guar Seed	Bikaner	1610	1635-37	-25
	Jodhpur	1730-35	1770	-35
	Nokha	1630	1650	-20
Guar Gum	Sri Ganganagar	1540	1562	-22
	Jodhpur	4300	4350	-50

NCDEX FUTURES PRICES (Rs. /qtl):

Commodity	Contract Month	Open	High	Low	Last Trade Price	Previous Close	Change
Guar Seed	October	1671	1674	1639	1643	1676	-33
	November	1697	1704	1664	1668	1705	-37
	December	1731	1735	1695	1698	1736	-38
Guar Gum	October	4250	4250	4171	4173	4273	-100
	November	4320	4320	4241	4250	4325	-75
	December	4382	4395	4310	4326	4400	-74

SATELLITE
IMAGE OF
MONSOON
PROGRESS
(As on 06.10.07)



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