

GUAR DAILY

January 11th, 2007

SPOT MARKETS:

Spot market prices of guar seed and guar gum declined in the major trading centers on subdued demand and lower arrivals. Arrivals reduced from 24,000 bags to 20,000 bags in all over India mainly due to the bearish tone of futures market as the farmers are unwilling to release their stock at lower prices. Stockists keep themselves sideline because of bearish tone of futures market. Miller's activity remains steady in the market. As per the trade sources India's export scenario is likely to improve in the near future as the Pakistan's stock is ending sharply.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active February contract opened firm at Rs. 2037 against the previous close of Rs. 2035 and traded upward to test a high of Rs. 2048. However, selling pressure at higher level pushed the futures to trade downward and tested a low of Rs. 2012 and finally settled in negative side. February contract moved in the range of Rs. 2048-2012 per qtl while the January contract moved in the range of Rs. 2009-1976 per qtl. Guar gum January contract traded in the range of Rs. 5015-4941, while the February contract fluctuated in the range of 5112-5025 per qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Pakistan's export prices remain lower as against India

Bullish:

3. Farmers are releasing their stock at higher prices
4. Expectation of higher export in the coming days
5. Arrivals is likely to decrease in the coming days

WEATHER IMPACT:

Guar harvesting is almost completed in major guar producing belts, and therefore, weather is not a concern at the moment.

TECHNICALS:

Candlestick chart pattern exhibits bearish movement, reflects sellers dominated the market. Stochastic is in normal region and moving downwards. The % K line has made bearish crossover with % D line. MACD is in negative region and moving downwards. Closing price is in-between the 9 days and the 18 days EMA.

OUTLOOK:

Guar seed futures are expected to trade downwards following a steady to weak opening.

NCDEX Guar Seed February Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Feb.	1985	1992	2018	2038	2050
Guar Gum Feb.	4966	4989	5030	5088	5125

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- February Guar Seed below 2029 with target of 2004 then 1992 Stop loss near 2042.

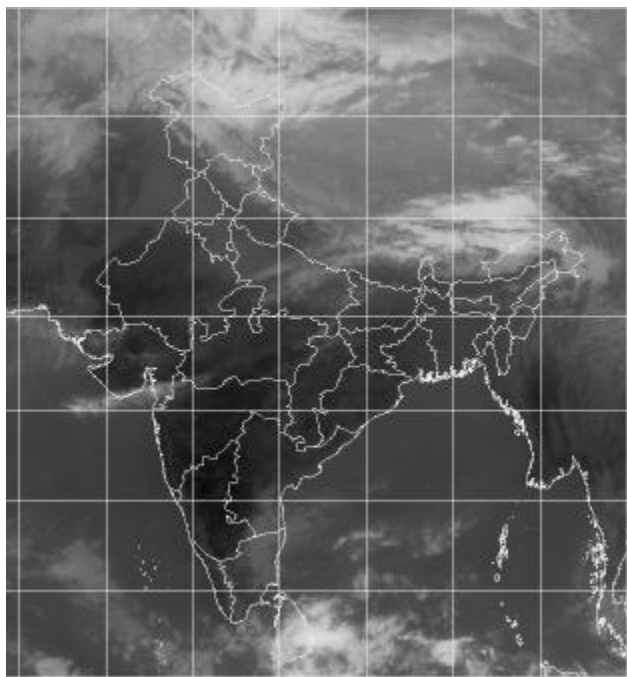
SELL NCDEX- February Guar Gum below 5065 with target of 5015 then 4990 Stop loss near 5090.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	10.01.07	09.01.07	Change
Guar Seed	Bikaner	1860	1930	-70
	Jodhpur	2000	2015	-15
	Nokha	1840	1890	-50
	Sriganganagar	1805	1855	-50
Guar Gum	Jodhpur	5096	5252	-156

SATELLITE PICTURE OF MONSOON PROGRESS (10.01.07)



Monsoon Outlook (10.01.07)

- Cold wave conditions prevailed at some parts of Punjab, north Haryana and Bihar and likely to continue for next 24 hours. Night temperatures were below normal by 1-3 °C over remaining parts of Indo-Gangetic plains. No significant change is likely to occur over plains of northwest India during next 24 hours and fall thereafter.
- The prevailing ground frost conditions at some places over Punjab, northwest Rajasthan and north Haryana are likely to continue for next 24 hours.
- Lowest night temperature in the plains of the country was -1.1°C recorded at Amritsar in Punjab.

Outlook for subsequent two days (Based on numerical weather products):

- Fall in night temperature over plains of northwest India.

Source: GOI (IMD)

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