

GUAR DAILY

January 18th, 2007

SPOT MARKETS:

The guar spot market prices recovered in the major trading centers amidst improved demand and weak arrivals. Millers remain the active buyer in the market. Higher guar gum price at the futures market mainly motivated them. Arrivals noted at 2200 bags in Jodhpur, 1100 bags in Bikaner and 400 bags in Nokha. Arrivals decline in all over India to 15000 from 18000 bags during Tuesday, as the farmers are unwilling to release their stocks at lower price level, while the Stockists to intent byaz badla in futures market holding their stock to earn maximum profit. Further, marginal improvement in the guar futures market has also affected the spot market sentiment.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with slightly bullish tone. The most active February contract opened weak at Rs. 1961 against the previous close of Rs. 1966 and traded upward thereafter and tested a high of Rs. 1979. However, selling pressure at higher level pushed the futures to trade downward and finally settled in the positive side. February contract moved in the range of Rs. 1979-1958 per qtl while the January contract moved in the range of Rs. 1943-1925 per qtl. Guar gum January contact traded in the range of Rs. 4858-4800, while the February contract fluctuated in the range of 4950-4870 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 weak sentiments, reflects sellers pressurised the market at higher price levels. Stochastic is in over bought region and moving slightly upwards. The %K line likely to make bullish crossover with %D line. MACD is in negative region and moving downwards. Closing price is below the 9 days and the 18 days EMA.

OUTLOOK:

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

NCDEX Guar Seed February Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Feb.	1940	1948	1967	1997	2005
Guar Gum Feb.	4855	4878	4913	4975	5000

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- February Guar Seed above 1960 with target of 1985 then 1997 Stop loss near 1945.

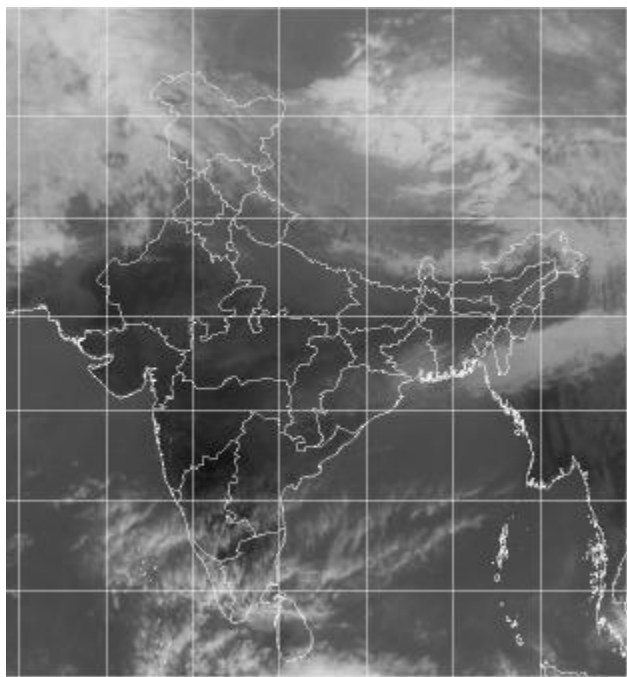
BUY NCDEX- February Guar Gum above 4900 with target of 4950 then 4975 Stop loss near 4875.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	17.01.07	16.01.07	Change
Guar Seed	Bikaner	1850	1825	+25
	Jodhpur	2000	1940	+60
	Nokha	1810	1800	+10
	Sriganganagar	1780	1760	+20
Guar Gum	Jodhpur	5044	4992	+52

SATELLITE PICTURE OF MONSOON PROGRESS (17.01.07)



Monsoon Outlook (17.01.07)

- Under the influence of an approaching western disturbance, light to moderate snowfall is likely over Jammu & Kashmir and Himachal Pradesh on 18th and 19th.
- Night temperatures are likely to increase over plains of northwest India during next 2 days. The prevailing cold wave conditions over Punjab are likely to abate by tomorrow. The cold wave conditions over East Uttar Pradesh and adjoining Bihar are likely to continue for another 24 hours and abate thereafter.
- Lowest night temperature in the plains of the country was -0.5°C recorded at Amritsar in Punjab.

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

- With the eastwards movement of western disturbance, night temperature are likely to fall over plains of northwest India and fog conditions are also likely over some places.

Source: GOI (IMD)

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