

GUAR DAILY

January 10th, 2007

SPOT MARKETS:

Spot market prices of guar seed and guar gum recovered in the majority of markets amidst improved demand and improved arrivals. Arrivals increased from 20,000 bags to 24,000 bags in all over India as the farmers are releasing their stock at higher price level. Stockist's activity remains steady in the market and they are waiting for the lower prices in the futures market. Higher prices in futures market motivated the miller remains active in the market. Due to higher spot prices of guar seed in domestic market, exporters find it difficult to export guar gum at competitive rates as against the rates quoted by Pakistan.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiment with bullish tone. The most active February contract opened weak at Rs. 2022 against the previous close of Rs. 2025. However, futures traded upward on increased buying interest and tested a high of Rs. 2061 and finally settled in the positive side. February contract moved in the range of Rs. 2061-2022 per qtl while the January contract moved in the range of Rs. 2020-1985 per qtl. Guar gum January contact traded in the range of Rs. 5070-4972, while the February contract fluctuated in the range of 5156-5070 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 at higher levels. Stochastic is in normal region and moving downwards. The % K line is likely to cross % D line from the above. MACD is in negative region and moving upwards. Closing price is above 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.	1996	2006	2035	2050	2060
Guar Gum Feb.	4982	5020	5089	5125	5161

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- February Guar Seed below 2042 with target of 2017 then 2005 Stop loss near 2057.

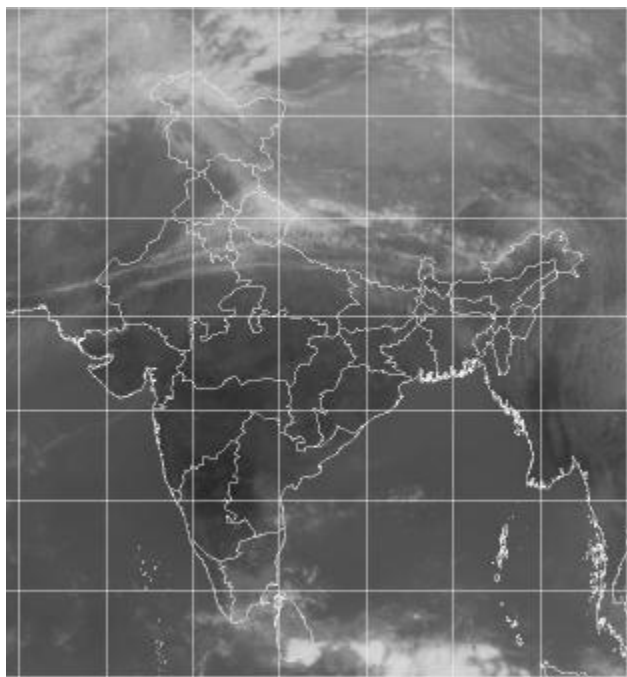
SELL NCDEX- February Guar Gum below 5105 with target of 5055 then 5030 Stop loss near 5130.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	09.01.07	08.01.07	Change
Guar Seed	Bikaner	1930	1860	+70
	Jodhpur	2015	2000	+15
	Nokha	1890	1830	+60
	Sriganganagar	1855	1805	+50
Guar Gum	Jodhpur	5252	5148	+104

SATELLITE PICTURE OF MONSOON PROGRESS (09.01.07)



Monsoon Outlook (09.01.07)

- A western disturbance as an upper air system lies over north Pakistan & adjoining Jammu & Kashmir. It may cause isolated light snowfall over Jammu & Kashmir and Himachal Pradesh during next 48 hours.
- Cold wave conditions continued to prevail at most parts of Punjab and some parts of Jammu division of Jammu & Kashmir, Haryana, Delhi, Uttar Pradesh and adjoining Bihar. Cold wave conditions are likely to abate over plains of northwest India, as further increase in night temperature is likely by 2-3 °C. However, cold wave condition may continue over parts of East Uttar Pradesh and Bihar.
- The prevailing ground frost conditions at some places over Punjab, north Rajasthan and Haryana are likely to subside during next 48 hours.
- Lowest night temperature in the plains of the country was -0.8°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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