

GUAR DAILY

February 1st, 2007

SPOT MARKETS:

The guar spot markets witnessed on an average a bearish sentiment during Wednesday's trade. The arrivals at the major physical markets are reported to be steady at around 15000-16000 bags. Arrivals stood steady at 1200 bags in Bikaner and 200 bags in Nokha. With a steady arrival, the prices of guar at the physical markets remained at the lower side. Moreover, the downward trade at the futures market have also pressurised the spot market sentiments. Despite a lower price, activity was limited at the physical markets with the sellers not active at the lower levels. Traders are expecting a quick recovery in guar prices, as export activity is likely to pick up in coming days.

FUTURES MARKETS:

NCDEX Guar seed futures observed lacklustre trade with bearish tone. The most active March contract opened firm at Rs. 2001 against the previous close of Rs. 1998 and traded upwards and tested a high of Rs. 2007. However, selling pressure at higher level pushed the futures to trade downwards and settled in the negative side. March contract moved in the range of Rs. 2007-1987 per qtl while the February contract moved in the range of Rs. 1972-1954 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 not releasing their stock at lower 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 market sentiment. Stochastic is in normal region and moving upwards. MACD is in negative region and moving upwards, indicating firm tone for medium term. Closing price is in-between 9 days and the 18 days EMA. Market is expected to trade bullish following a steady to weak opening. However, there is a possibility of some early downwards movement.

OUTLOOK:

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

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1963	1974	1992	2020	2027
Guar Gum Mar.	4884	4900	4946	5015	5045

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- March Guar Seed above 1985 with target of 2010 then 2020 Stop loss near 1970.

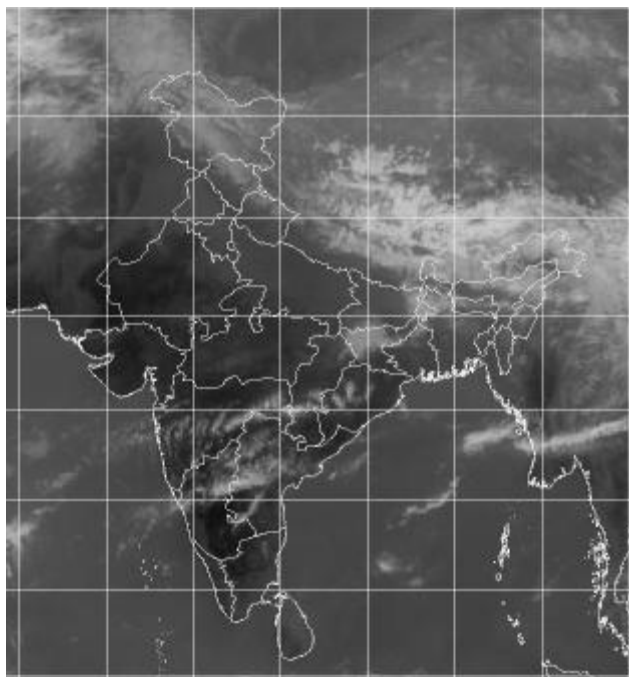
BUY NCDEX- March Guar Gum above 4925 with target of 4985 then 5015 Stop loss near 4895.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	31.01.07	30.01.07	Change
Guar Seed	Bikaner	1840	1860	-20
	Jodhpur	1950	1970	-20
	Nokha	1800	1810	-10
	Sriganganagar	1745	1760	-15
Guar Gum	Jodhpur	4940	4992	-52

SATELLITE PICTURE OF MONSOON PROGRESS (31.01.07)



Monsoon Outlook (31.01.07)

- During past 24 hours, both day and night temperatures have fallen by 2-4 °C over plains of northwest India. However, they still continue to remain above normal by 2-3°C over the north India and by 4-6°C over west, central & east India.
- The current meteorological analysis suggests further fall in both day and night temperatures by 2-3 °C over Indo-Gangetic plains and central India during next 48 hours.
- Lowest night temperature in the plains of the country was 5.6 °C recorded at Adampur in Punjab.

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

- A fresh western disturbance is likely to affect Western Himalayan region.
- Rise in night temperature over the plains of the northwest India.

Source: GOI (IMD)

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