

GUAR DAILY

February 21st, 2007

SPOT MARKETS:

The guar physical markets remained slightly firm on some buying support during the Tuesday's trade. The prices of both the guar seed as well as the guar gum were quoted slightly stronger side in the majority of markets on some demand from miller and exporter against the steady arrivals. Arrivals stood steady at 700 bags in Bikaner and 150 bags in Nokha. The overall arrivals reportedly noted at 10000-11000 bags a day. According to market sources, some stockists are ready to offload their stock with some price parity, as chana arrivals are likely to pick up in coming month. Moreover, the firmness in the futures market also supported the spot market sentiment. Prices are expected to remain firm on some buying interest from millers.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiments with bullish tone. The most active March contract opened firm at Rs. 1844, up by Rs. 1 against the previous close of Rs. 1843 and traded downwards initially and tested a low of Rs. 1836. However, buying interest at lower levels supported the futures to traded upwards and settled in the positive territory. March contract moved in the range of Rs. 1888-1836 per qtl while the February contract moved in the range of Rs. 1824-1790 per qtl. Guar gum February contract fluctuated in the range of Rs. 4547-4443/ctl, while March contract moved in the range of Rs. 4623-4536/ctl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Higher stock level in the market
3. Farmers releasing their stock as per market demand
4. Exclusion of VAT on guar in Rajasthan

Bullish:

5. Expectation of higher export order in near future
6. Some demand from millers

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 bullish market. Stochastic is in oversold region and moving upwards. MACD is in negative region and moving upwards. Closing price is in-between the 9 days and 18 days EMA, which indicates the trend will continue. Market is expected to trade upwards following a firm opening.

OUTLOOK:

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

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1845	1860	1886	1922	1940
Guar Gum Mar.	4531	4570	4620	4700	4750

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- March Guar Seed above 1875 with **target** of 1900 then 1912 **Stop loss** near 1860.

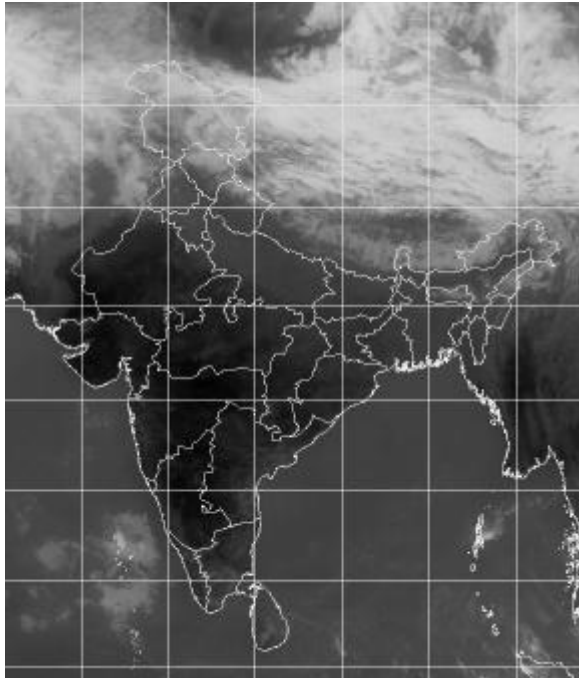
BUY NCDEX- March Guar Gum above 4595 with **target** of 4645 then 4670 **Stop loss** near 4570.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.02.07	19.02.07	Change
Guar Seed	Bikaner	1745	1725	+45
	Jodhpur	1860	1835	+25
	Nokha	1700	1660	+40
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4540	4500	+40

SATELLITE PICTURE OF MONSOON PROGRESS (20.02.07)



Monsoon Outlook (20.02.07)

- Under the influence of an approaching western disturbance as an upper air system, isolated to scattered rain/snow is likely over western Himalayan region during next 48 hours.
- The minimum temperatures are likely to rise by 2-3°C over the plains of northwest India on 21st & 22nd and fall on 23rd.
- Lowest night temperature in the plains of the country was 4.4°C recorded at Adampur in Punjab.

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

- A fresh western disturbance as an upper air system is likely to affect western Himalayan region, plains of northwest India and Rajasthan from 24th.
- An easterly wave is likely to affect extreme south peninsula causing scattered rain/thundershower from 24th onwards.

Source: IMD (GOI)

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