

GUAR DAILY

February 23rd, 2007

SPOT MARKETS:

The guar spot market witnessed firm sentiment during the Thursday's trade. The prices of both guar seed and guar gum were quoted on the stronger side amidst improved demand from millers and exporter against steady arrivals. Arrivals stood steady at 500-700 hundred bags in Bikaner and 100-150 bags in Nokha. Overall arrivals reportedly stood at 10000-11000 bags a day. Moreover, the firmness in guar futures has also supported the spot market sentiments. According to the Union Minister of State for Commerce, the center may partly-fund an ambitious research project on early maturing guar variety of Haryana Agriculture University (HAU) as the export of the commodity from the state is increasing. The center is ready to contribute its share provided the state agrees to levy a cess on guar exports. Prices are expected to remain firm in coming days on gradually increasing export demand.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiments with bullish tone. The most active March contract opened weak at Rs. 1849, down by Rs. 4 against the previous close of Rs. 1853 and traded downwards initially and tested a low of Rs. 1842. However, increased buying interest at lower level supported the futures to trade upwards and settled in the positive territory. March contract moved in the range of Rs. 1897-1842 per qtl while the April contract moved in the range of Rs. 1940-1878 per qtl. Guar gum April contract fluctuated in the range of Rs. 4732-4583/ctl, while March contract moved in the range of Rs. 4650-4520/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. Improved demand from millers & exporters

WEATHER IMPACT:

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

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	22.02.07	21.02.07	Change
Guar Seed	Bikaner	1760	1745	+15
	Jodhpur	1875	1860	+15
	Nokha	1710	1700	+10
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4600	4570	+30

TECHNICALS:

Candlestick chart pattern exhibits bullish market. Stochastic is in normal region and moving upwards. MACD is in negative region and moving upwards. Closing price is in-between 9 days and 18 days EMA. Market is expected to trade upwards following a steady to firm opening.

OUTLOOK:

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

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1855	1871	1893	1931	1950
Guar Gum Mar.	4540	4575	4635	4740	4777

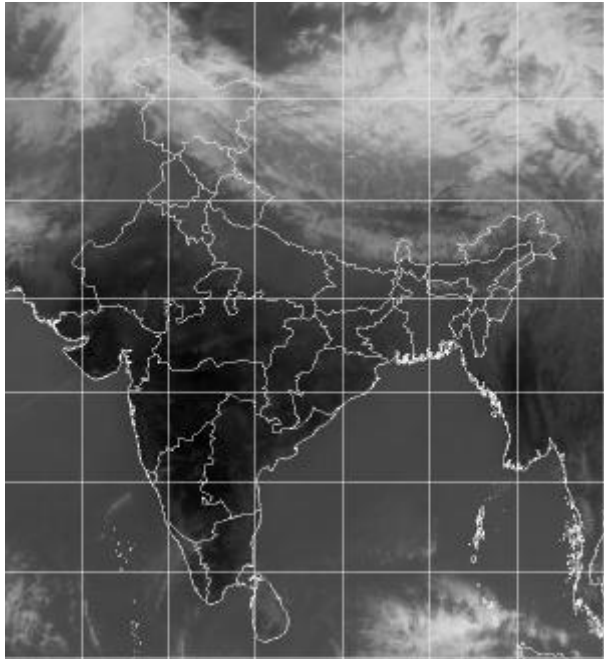
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- March Guar Seed above 1882 with target of 1907 then 1920 Stop loss near 1868.

BUY NCDEX- March Guar Gum above 4615 with target of 4675 then 4705 Stop loss near 4585.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (22.02.07)



Monsoon Outlook (22.02.07)

- During past 24 hours, light to moderate fairly widespread rain/snow has occurred over Western Himalayan region. However, due to eastward movement of western disturbance, the precipitation will remain subdued during next 48 hours.
- A fresh western disturbance is approaching and is likely to cause scattered precipitation over northwest India, Rajasthan and some parts of Uttar Pradesh & Madhya Pradesh from 24th afternoon to 25th.
- The current meteorological analysis suggests a fall of 2-3 °C in the minimum temperature over the plains of northwest India and Rajasthan during next 48 hours.
- Lowest night temperature in the plains of the country was 6.1 °C recorded at Amritsar in Punjab.

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

- Isolated to scattered rain/thundershower is likely over Central India on 25th, over east India on 25th & 26th and over northeast India on 26th.
- An easterly wave is likely to cause Isolated to scattered rain/thundershowers over extreme south peninsula from 25th onwards.

Source: IMD (GOI)

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