

GUAR DAILY

February 16th, 2007

SPOT MARKETS:

Guar spot market continued its weakness during the Thursday's trade, where the spot prices of both guar seed and guar gum continued to decline amidst higher stock position and weak demand from millers. According to trade sources, some rumors in the market that the government may take some strict action against the rising prices on essential commodities, added weakness in the market. Moreover, weakness in the market affected the arrivals. Arrivals stood at 500 bags in Bikaner, while no arrivals reported in Nokha. Overall arrival at the major markets reportedly noted at 10000-12000 bags a day. Prices are likely to remain weak in short term due to higher stock and weak demand. However, expectation of higher export order in coming days would provide some support to falling prices in near futures.

FUTURES MARKETS:

NCDEX Guar seed futures observed lacklustre trade with bullish tone. The most active March contract opened firm at Rs. 1857, up by Rs. 5 against the previous close of Rs. 1852. Selling pressure at current level pushed the futures to trade downwards, testing a low of Rs. 1837. However, futures recovered on buying interest at lower level and settled at positive side. March contract moved in the range of Rs. 1870-1837 per qtl while the February contract moved in the range of Rs. 1824-1795 per qtl. Guar gum February contract fluctuated in the range of Rs. 4499-4442/qtl, while March contract moved in the range of Rs. 4585-4520/qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Higher stock level in the market
3. Weak demand from millers
4. Farmers releasing their stock as per market demand

Bullish:

5. Exclusion of VAT on guar in Rajasthan
6. Expectation of higher export order in near future

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 firm market. The big lower shadow indicates buyer's activity at lower price levels. Stochastic is in oversold region and moving downwards. MACD is in negative region and moving downwards, indicating weakness at medium term. Closing price is far below both the 9 days and 18 days EMA, which indicates the trend will continue.

OUTLOOK:

Guar seed futures are expected to trade some upwards initially following a steady to firm opening with possibility of late downwards movement.

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1837	1848	1865	1900	1915
Guar Gum Mar.	4495	4520	4561	4656	4700

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- March Guar Seed above 1860 with target of 1880 then 1890 **Stop loss** near 1948.

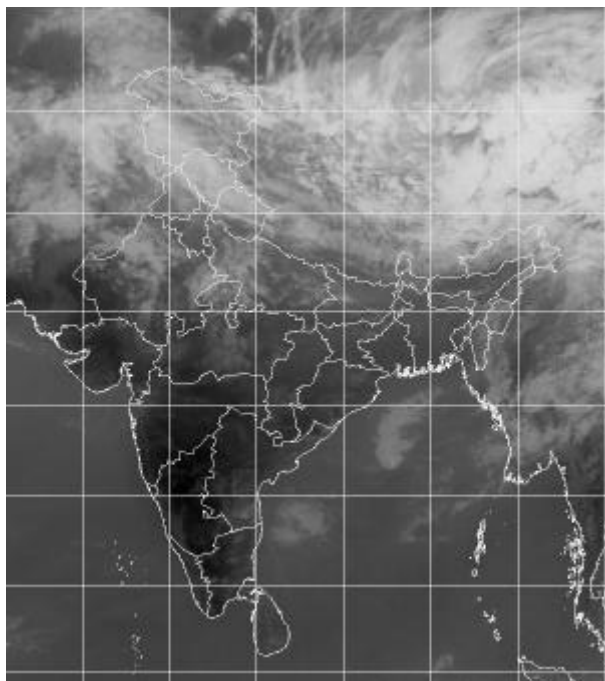
BUY NCDEX- March Guar Gum above 4550 with target of 4600 then 4625 **Stop loss** near 4525.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	15.02.07	14.02.07	Change
Guar Seed	Bikaner	1740	1765	-25
	Jodhpur	1855	1865	-10
	Nokha	1700	1710	-10
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4550	4600	-50

SATELLITE PICTURE OF MONSOON PROGRESS (15.02.07)



Monsoon Outlook (15.02.07)

- During past 24 hours, fairly widespread rainfall has occurred over northeastern states and Sub-Himalayan West Bengal & Sikkim. The current meteorological analysis suggests that scattered rainfall activity is likely over northeastern States during next 24 hours and decrease thereafter.
- Day and night temperatures are likely to increase by 2-4° C over Indo-Gangetic plains and east India during next 2-3 days.
- Lowest night temperature in the plains of the country was 5.0 °C recorded at Adampur in Punjab.

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

- A fresh western disturbance is likely to cause scattered precipitation activity over western Himalayan region and adjoining northern plains.

Source: IMD (GOI)

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