

GUAR DAILY

February 17th, 2007

SPOT MARKETS:

Guar spot market witnessed some improvement during the Friday's trade, where the spot prices of both guar seed and guar gum quoted slightly higher on some demand from millers. Moreover, marginal improvement in futures prices also supported the spot prices. Arrivals stood steady 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 low export demand. However, expectation of higher export order in coming days would provide some support to falling prices in near futures. Further, as per the market sources the only thing, which could lead to price rise, would be the Met prediction for the delayed onset of monsoon and a deficient rainfall, which could affect sowing that take place between June and August.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiments with bullish tone. The most active March contract opened weak at Rs. 1863, down by Rs. 2 against the previous close of Rs. 1865 and traded downwards initially and tested a low of Rs. 1856. However, buying interest at lower level supported the futures to trade upwards and settled in the positive side. March contract moved in the range of Rs. 1876-1856 per qtl while the February contract moved in the range of Rs. 1827-1811 per qtl. Guar gum February contract fluctuated in the range of Rs. 4500-4460/ctl, while March contract moved in the range of Rs. 4589-4546/ctl.

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 somewhat firm market. Stochastic is in oversold region and moving upwards. MACD is in negative region and moving downwards. Closing price is far below both the 9 days and 18 days EMA, which indicates weakness in medium term.

OUTLOOK:

Guar seed futures are expected to trade upwards 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.	1832	1845	1868	1900	1915
Guar Gum Mar.	4444	4490	4556	4630	4680

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- March Guar Seed above 1857 with target of 1877 then 1887 Stop loss near 1845.

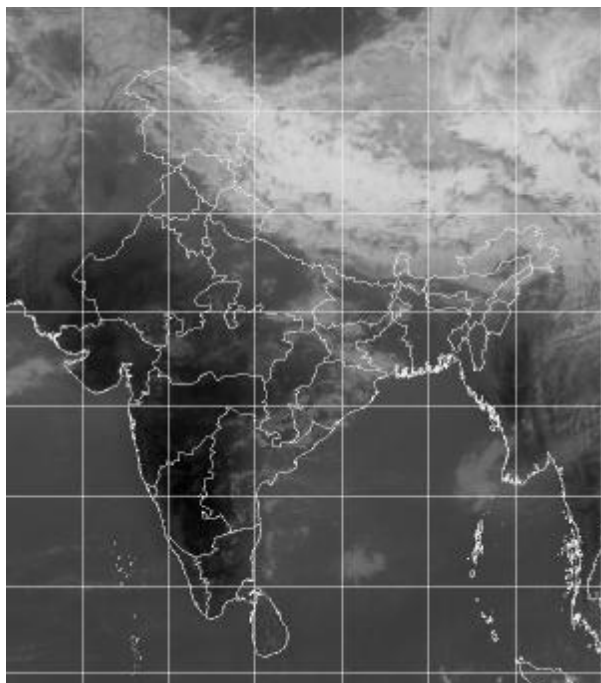
BUY NCDEX- March Guar Gum above 4524 with target of 4574 then 4600 Stop loss near 4500.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	16.02.07	15.02.07	Change
Guar Seed	Bikaner	1755	1740	+15
	Jodhpur	1875	1855	+20
	Nokha	NA	1700	-
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4600	4550	+50

SATELLITE PICTURE OF MONSOON PROGRESS (16.02.07)



Monsoon Outlook (16.02.07)

- A fresh western disturbance is likely to affect western Himalayan region and adjoining plains of northwest India around 18th.
- No significant change in night temperatures is likely to occur over Indo-Gangetic plains during next 1-2 days.
- Lowest night temperature in the plains of the country was 6.0 °C recorded at Adampur in Punjab.

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

- Slight fall in night temperature are likely over Indo-Gangetic plains.

Source: IMD (GOI)

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