

## GUAR DAILY

February 26th, 2007

### SPOT MARKETS:

Guar spot market witnessed firm sentiment during the Saturday's trade. The prices of both guar seed and guar gum were quoted on the stronger side in majority of market on improved demand from miller, while exporters activity remained silent in the market. According to trade sources overseas demand for guar gum is increasing gradually. Thus, the prices are expected to remain steady to slightly firm in coming days. Arrivals stood steady at 500 hundred bags in Bikaner, while increased from 150 to 350 bags in Nokha. Overall arrivals reportedly stood steady at 10000-11000 bags a day. Isolated showers forecast over Rajasthan region is likely to keep guar arrivals on lower side.

### FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiments with bullish tone. The most active March contract opened weak at Rs. 1875, down by Rs. 1 against the previous close of Rs. 1876. However, traded upwards on increased buying interest and tested a high of Rs. 1900 and finally settled in the positive territory. March contract moved in the range of Rs. 1900-1875 per qtl while the April contract moved in the range of Rs. 1944-1916 per qtl. Guar gum April contract fluctuated in the range of Rs. 4710-4650/qtl, while March contract moved in the range of Rs. 4625-4580/qtl.

### 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.

### TECHNICALS:

Candlestick chart pattern exhibits weak market. Stochastic is in normal region and moving upwards. MACD is in negative region and moving upwards. Closing price is in-between the 9 days and 18 days EMA. Market is expected to trade downwards initially following a steady to weak opening and upward movement later.

### OUTLOOK:

Guar seed futures are expected to trade downwards initially following a steady to weak opening and upward movement later.

### NCDEX Guar Seed March Contract:



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1827	1842	1882	1922	1950
Guar Gum Mar.	4427	4471	4580	4690	4727

### INTRADAY TRADE RECOMMENDATION:

**BUY** NCDEX- March Guar Seed above 1862 with target of 1892 then 1907 **Stop loss** near 1845.

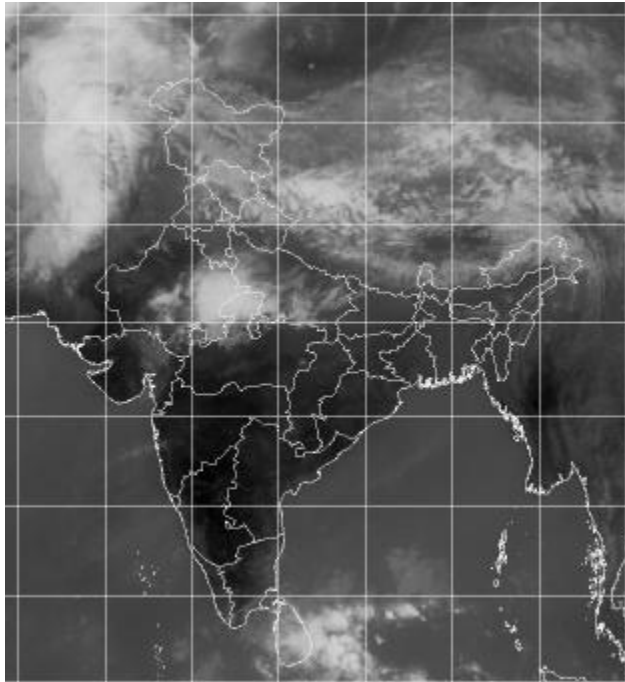
**BUY** NCDEX- March Guar Gum above 4540 with target of 4600 then 4630 **Stop loss** near 4500.

**Do not carry forward the position until the next day.**

### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	24.02.07	23.02.07	Change
Guar Seed	Bikaner	1775	1770	+5
	Jodhpur	1910	1900	+10
	Nokha	1715	1710	+5
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4645	4630	+15

## SATELLITE PICTURE OF MONSOON PROGRESS (24.02.07)



### Monsoon Outlook (24.02.07)

- Under the influence of a western disturbance isolated precipitation is likely to occur over Western Himalayan region, Rajasthan and West Madhya Pradesh from today afternoon till 25th forenoon. Subsequently rainfall activity is likely over east India & adjoining central India on 25th and over northeast India on 26th.
- Another western disturbance is approaching is likely to affect Western Himalayan Region from 26th evening and plains of northwest India and Rajasthan from 27th for the next 2-3 days.
- Lowest night temperature in the plains of the country was 5.8 °C recorded at Amritsar in Punjab.

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

- Scattered to fairly widespread precipitation accompanied with isolated hail is likely over northwest India, Uttar Pradesh and Rajasthan.

**Source:** IMD (GOI)

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