

GUAR DAILY

February 15th, 2007

SPOT MARKETS:

Guar spot market witnessed weak sentiment during the Wednesday's trade, where the spot prices of both guar seed and guar gum continue to decline amidst weak demand from millers and stockists coupled with low export demand from china due to new years holiday. According to market sources, the importer of china and UK are waiting for further fall in prices for placing orders. Consequently arrivals declined in the market. Arrivals declined from 700 to 500 bags in Bikaner, while no arrivals reported in Nokha. Overall arrival at the major markets reportedly noted at 10000-12000 bags a day. Moreover, weakness in the futures market has also contributed to spot market sentiment. Prices are likely to remain weak in short term due to weak demand. However, expectation of higher export order of 210000 bags as against 184000 bags would provide some support to falling prices in near futures.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active March contract opened weak at Rs. 1897, down by Rs. 3 against the previous close of Rs. 1900 and traded downwards on increased selling pressure and tested a low of Rs. 1846 and settled in the negative territory. March contract moved in the range of Rs. 1900-1846 per qtl while the February contract moved in the range of Rs. 1869-1811 per qtl. Guar gum February contract fluctuated in the range of Rs. 4570-4470/ctl, while March contract moved in the range of Rs. 4656-4535/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 processors and stockists
4. Farmers releasing their stock as per market demand

Bullish:

5. Continuing western disturbance affecting arrivals
6. Exclusion of VAT on guar in Rajasthan

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 bearish market. Stochastic is in oversold region and moving downwards. MACD is in negative region and moving downwards. Closing price is far below both the 9 days and 18 days EMA, which indicates the trend will continue. Market is expected to trade downwards following a steady to weak opening.

OUTLOOK:

Guar seed futures are expected to trade downwards following a steady to weak opening.

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1800	1825	1854	1880	1890
Guar Gum Mar.	4400	4450	4546	4600	4648

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- March Guar Seed below 1865 with target of 1845 then 1835 Stop loss near 1880.

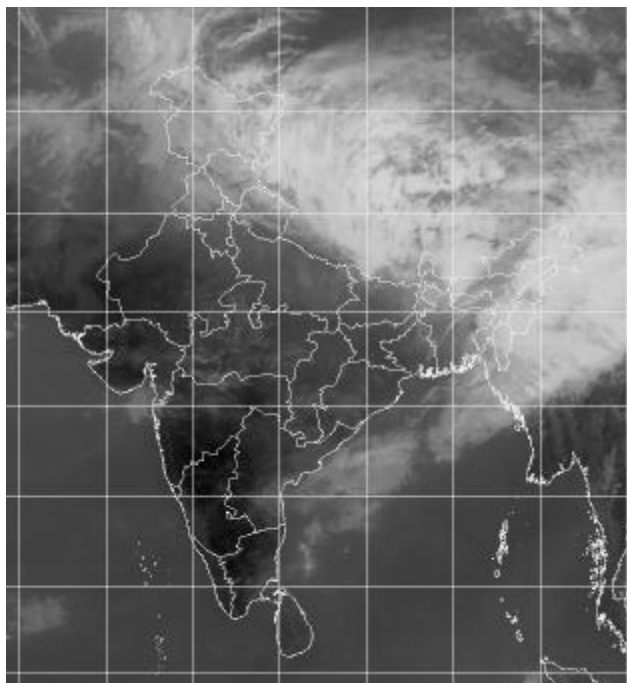
SELL NCDEX- March Guar Gum below 4560 with target of 4500 then 4470 Stop loss near 4590.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	14.02.07	13.02.07	Change
Guar Seed	Bikaner	1765	1790	-25
	Jodhpur	1865	1880	-15
	Nokha	1710	1725	-15
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4600	4642	-42

SATELLITE PICTURE OF MONSOON PROGRESS (14.02.07)



Monsoon Outlook (14.02.07)

- During past 24 hours, scattered to fairly widespread precipitation has occurred over northwest and east India. Light scattered rain/thundershower has also occurred over central and north east India
- Chief amount of rainfall in cm recorded are: Bhubneshwar -7, Keonjhargarh, Balasore-5, Rajgarh, Gorakhpur and Diamond Harbour-4 each.
- Yesterday's cyclonic circulation over West Uttar Pradesh & neighbourhood now lies over east Uttar Pradesh and adjoining Bihar at lower tropospheric levels with a trough extending upto north Orissa. Under its influence fairly widespread rain/thundershower is likely over Bihar, West Bengal & Sikkim during next 24th hours and over northeastern states during next 48th hours.
- The current Meteorological Analysis suggests that night temperatures are likely to fall by 2-3° C during next 2-3 days over Indo-Gangetic plains. Fog conditions are also likely at some places over this region.
- A fresh feeble western disturbance as an upper air system is likely to affect Western Himalayan region from 16th onwards.
- Lowest night temperature in the plains of the country was 6.5 °C recorded at Narnaul in Haryana.

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

- Decrease in precipitation activity over Western Himalayan region and northeastern states.

Warning:

- Isolated heavy rain accompanied with hail/squall is likely over northeastern states.

Source: IMD (GOI)

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