

GUAR DAILY

February 10th, 2007

SPOT MARKETS:

Guar spot market witnessed weak sentiment during the Friday's trade. Sluggish demand coupled with decline arrivals further depressed the spot prices of guar seed and guar gum in the majority of markets. Overall arrivals at the major spot markets declined from 15000 to 14000 bags a day. Arrivals declined from 800 to 700 bags in Bikaner and no arrivals are reported in Nokha. Further, the trade sources reported that withdrawal of VAT on guar by Rajasthan government has led to fall in guar prices in the spot market on Friday. Buying activity from processors and stockists remain silent in the market. Moreover, the speculative selling pressure at the futures market and consequent downfall in futures prices has depressed the spot market sentiments.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active March contract opened weak at Rs. 1970, down by Rs. 2 against the previous close of Rs. 1972 and traded downwards thereafter on increased selling pressure and tested a low of Rs. 1905 and finally settled in the negative territory. March contract moved in the range of Rs. 1970-1905 per qtl while the February contract moved in the range of Rs. 1933-1871 per qtl. Guar gum February contract fluctuated in the range of Rs. 4819-4646/qtl, while March contract moved in the range of Rs. 4874-4694/qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Weak demand from processors and stockists
3. Farmers releasing their stock as per market demand

Bullish:

4. Fresh western disturbance affecting arrivals
5. 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 weak market sentiment. Stochastic is in oversold region and moving downwards. MACD is in negative region and moving downwards. Closing price is much below 9 days and the 18 days EMA. Market is expected to trade bearish following a steady to weak opening.

OUTLOOK:

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

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1880	1890	1915	1946	1960
Guar Gum Mar.	4610	4640	4710	4790	4830

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- March Guar Seed below 1930 with target of 1905 then 1890 Stop loss near 1946.

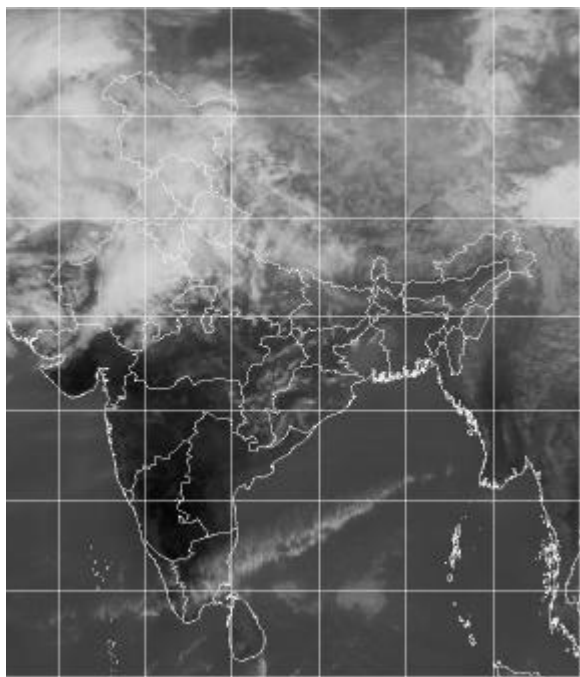
SELL NCDEX- March Guar Gum below 4750 with target of 4690 then 4660 Stop loss near 4780.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	09.02.07	08.02.07	Change
Guar Seed	Bikaner	1800	1825	-25
	Jodhpur	1900	1930	-30
	Nokha	1770	1810	-40
	Sriganganagar	1750	NA	-
Guar Gum	Jodhpur	4836	4914	-78

SATELLITE PICTURE OF MONSOON PROGRESS (09.02.07)



Monsoon Outlook (09.02.07)

- Under the influence of a strong western disturbance currently lying over Pakistan and neighbourhood, an active wet spell likely over northwest India during next 3 days. Western Himalayan region is likely to experience fairly widespread rain/snow with isolated heavy to very heavy falls. Plains of northwest India are also likely to experience scattered to fairly widespread rain/thundershowers accompanied with isolated hailstorm. The rain belt is likely to extend into east India from tomorrow for next 3 days.
- Day temperatures are likely to fall by 4-6 °C over Indo-Gangetic plains during next 3-4 days. However, night temperatures are likely to remain above normal by 3-5 °C.
- Lowest night temperature in the plains of the country was 8.0 °C recorded at Allahabad in West Uttar Pradesh.

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

- Scattered precipitation is likely over Western Himalayan region and adjoining plains of northwest India under the influence of a fresh western disturbance.
- Scattered precipitation is likely to continue over northwest India and extend into east India.

Hailstorm Warning for Next 48 hours

- Isolated hailstorm is likely over Punjab, Haryana, Rajasthan, Delhi, Chandigarh and West Uttar Pradesh.

Heavy Snowfall Warning for Next 48 hours

- Isolated heavy to very heavy snowfall likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal.

Source: IMD (GOI)

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