

## GUAR DAILY

February 20<sup>th</sup>, 2007

### SPOT MARKETS:

Guar spot market observed weak sentiment during the Monday's trade. The prices of both guar seed and guar gum declined in the majority of market partially due to improved arrivals and weak demand from millers. Arrivals increased from 500 to 700 bags in Bikaner, while 150 bags reported in Nokha. The overall arrival at the major physical market reportedly noted at 10000-11000 bags a day. Prices expected to remain weak in short term due to weak demand and with higher stock in the market.

### FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiments with bullish tone. The most active March contract opened weak at Rs. 1827, down by Rs. 6 against the previous close of Rs. 1833 and traded downwards initially and tested a low of Rs. 1810. However, buying interest at lower levels supported the futures to traded upwards and settled in the positive territory. March contract moved in the range of Rs. 1848-1810 per qtl while the February contract moved in the range of Rs. 1802-1775 per qtl. Guar gum February contract fluctuated in the range of Rs. 4470-4360/qtl, while March contract moved in the range of Rs. 4620-4455/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
5. Exclusion of VAT on guar in Rajasthan

#### Bullish:

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. 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. Market is expected to trade upwards following a steady to firm opening.

### OUTLOOK:

Guar seed futures are expected to trade upwards following a steady to firm opening.

### NCDEX Guar Seed March Contract:



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1800	1820	1841	1880	1900
Guar Gum Mar.	4460	4500	4554	4660	4710

### INTRADAY TRADE RECOMMENDATION:

**BUY** NCDEX- March Guar Seed above 1835 with target of 1865 then 1880 Stop loss near 1820.

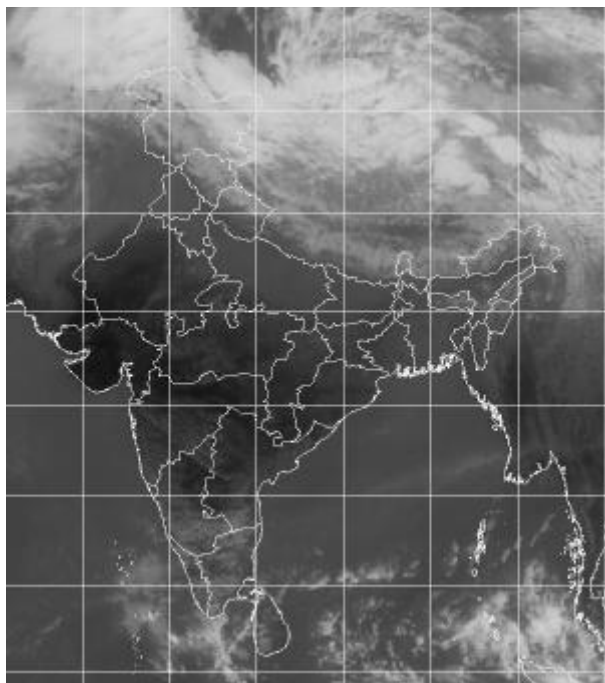
**BUY** NCDEX- March Guar Gum above 4535 with target of 4595 then 4625 Stop loss near 4505.

Do not carry forward the position until the next day.

### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	19.02.07	17.02.07	Change
Guar Seed	Bikaner	1725	1740	-15
	Jodhpur	1835	1850	-15
	Nokha	1660	1700	-40
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4500	4530	-30

## SATELLITE PICTURE OF MONSOON PROGRESS (19.02.07)



### Monsoon Outlook (19.02.07)

- Scattered light precipitation has occurred over western Himalayan region and extreme south peninsula during past 24 hours.
- Night temperatures are likely to fall by 2-3°C over the plains of northwest India during next 48 hours. Morning fog conditions are also likely at same places during this period.
- 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):

- A fresh western disturbance as an upper air system is likely to affect western Himalayan region and adjoining northern plains during 23rd and 24th.
- Rise in night temperatures is likely over the plains of northwest India.

**Source:** IMD (GOI)

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