

GUAR DAILY

February 7th, 2007

SPOT MARKETS:

Spot market prices of guar seed and guar gum recovered in the majority of markets amidst slight demand from processors and stockists. However, buying from processors and stockists are limited. Processors are procuring seed as per their prompt requirement, while stockists are buying limited quantity as they already have ample of stock. Consequently the overall arrivals declined and it is reportedly noted at 15000-16000 bags a day, as the farmers are releasing their stock, which easily absorbed in the market. Arrivals stood steady at 1100 bags in Bikaner, increased slightly from 200 to 300 bags in Nokha. Arrivals are expected to improve up to March, as the export demand will pick up. Moreover, the firmness in the futures market, also affected the spot market sentiment.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiments with bullish tone. The most active March contract opened firm at Rs. 1995, Rs. 4 up against the previous close of Rs. 1991 and traded downwards and tested a low of Rs. 1991. However, futures recovered on buying interest at lower level and settled in the positive territory. March contract moved in the range of Rs. 2008-1991 per qtl while the February contract moved in the range of Rs. 1968-1954 per qtl. Guar gum February contract fluctuated in the range of Rs. 4893-4858/ctl, while March contract moved in the range of Rs. 4970-4942/ctl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Pakistan's export prices remain lower as against India

Bullish:

3. Farmers are not releasing their stock at lower prices
4. Expectation of higher export in the coming days
5. Slight demand from processors and stockists

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 normal region and moving downwards following a bearish crossover. MACD is in negative region and moving slightly upwards. Closing price is in-between 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 weak opening.

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1961	1970	1996	2015	2030
Guar Gum Mar.	4880	4902	4946	4990	5062

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- March Guar Seed below 2005 with target of 1980 then 1970 Stop loss near 2018.

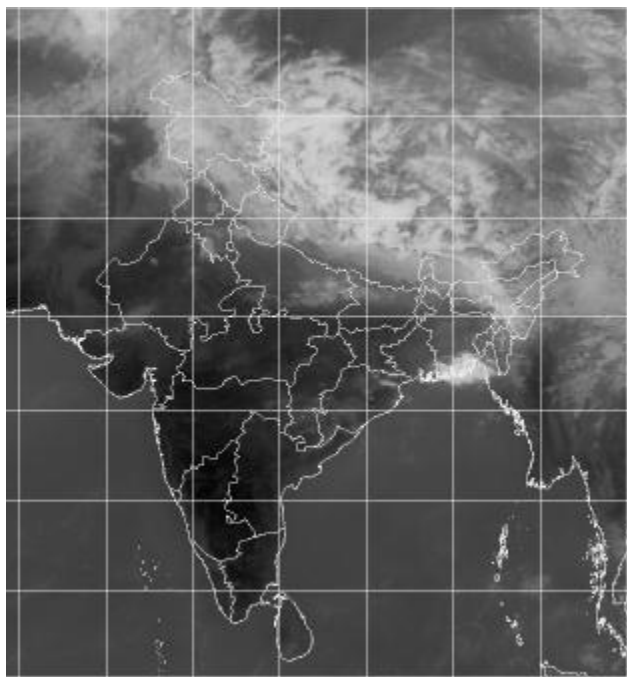
SELL NCDEX- March Guar Gum below 4970 with target of 4920 then 4895 Stop loss near 4995.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	06.02.07	05.02.07	Change
Guar Seed	Bikaner	1850	1835	+15
	Jodhpur	1975	1950	+25
	Nokha	1840	1830	+10
	Sriganganagar	1770	1760	+10
Guar Gum	Jodhpur	4966	4888	+78

SATELLITE PICTURE OF MONSOON PROGRESS (06.02.07)



Monsoon Outlook (06.02.07)

- Scattered to isolated rain/snowfall is likely over western Himalayan region during next 48 hours. Isolated rain/thundershowers is also likely over Punjab, Haryana, north Rajasthan and West Uttar Pradesh.
- The night temperatures have increased by 2-3 °C over Rajasthan and Punjab during past 24 hours. As a result, the night temperatures are above normal by 6-8 °C over Rajasthan and Punjab and by 2-3 °C over remaining parts of the plains of northwest India. The current meteorological analysis suggests further rise by 1-2 °C during next 1-2 days and fall thereafter.
- Isolated rain/thundershower is likely over northeastern States and Sub-Himalayan West Bengal & Sikkim during next 48 hours.
- Lowest night temperature in the plains of the country was 8.2 °C recorded at Amritsar in Punjab.

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

- A fresh western disturbance is likely to affect Western Himalayan region and adjoining plains of northwest India.
- Rise in night temperatures over the plains of northwest India.

Source: GOI (IMD)

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