

GUAR DAILY

February 24th, 2007

SPOT MARKETS:

Guar spot market witnessed firm sentiment during the Friday's trade. The prices of both guar seed and guar gum were quoted on the higher side in majority of market, amidst improved demand from exporters and millers against steady arrivals. According to market sources, overseas demand for guar gum from UK and China has improved slightly and exporters were active in meeting the demand. Consequently millers too remained active in the market. Arrivals stood steady at 500 hundred bags in Bikaner and 150 bags in Nokha. Overall arrivals reportedly stood steady at 10000-11000 bags a day. The spot market prices are expected to remain steady to slightly firm in coming days on gradually increasing export demand.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiments with bearish undertone. The most active March contract opened weak at Rs. 1889, down by Rs. 2 against the previous close of Rs. 1891 and traded upwards initially and tested a high of Rs. 1903. However, selling pressure at higher level pushed the futures to trade downwards and settled in the negative territory. March contract moved in the range of Rs. 1903-1867 per qtl while the April contract moved in the range of Rs. 1947-1908 per qtl. Guar gum April contract fluctuated in the range of Rs. 4738-4640/qtl, while March contract moved in the range of Rs. 4653-4550/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 below both the 9 days and 18 days EMA. Market is expected to trade downwards initially following a steady to weak opening and upward movement thereafter.

OUTLOOK:

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

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1830	1845	1875	1900	1912
Guar Gum Mar.	4450	4490	4572	4670	4740

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- March Guar Seed above 1860 with target of 1885 then 1900 Stop loss near 1845.

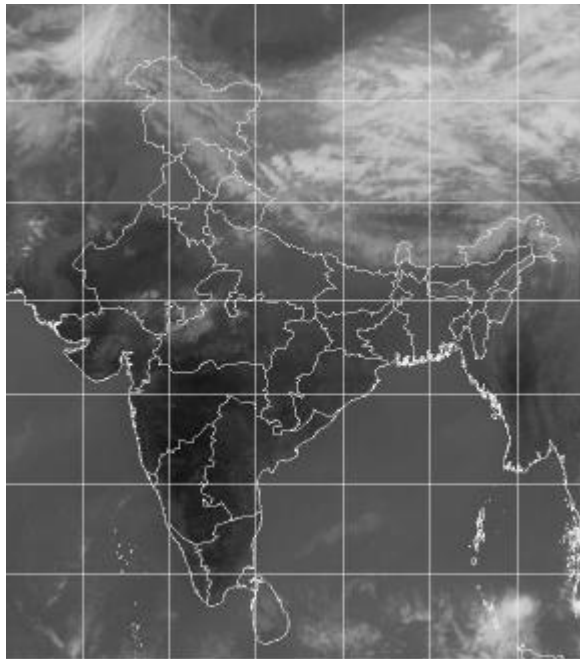
BUY NCDEX- March Guar Gum above 4530 with target of 4590 then 4620 Stop loss near 4500.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	23.02.07	22.02.07	Change
Guar Seed	Bikaner	1770	1760	+10
	Jodhpur	1900	1875	+25
	Nokha	1710	1710	-
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4630	4600	+30

SATELLITE PICTURE OF MONSOON PROGRESS (23.02.07)



Monsoon Outlook (23.02.07)

- An approaching western disturbance is likely to cause isolated to scattered precipitation over Western Himalayan region & adjoining plains of northwest India and Rajasthan from 24th afternoon till 25th forenoon. Subsequently rainfall activity is likely over east India & adjoining central India on 25th and over northeast India on 26th.
- Under the influence of an easterly wave, isolated to scattered rainfall activity is also likely over extreme south peninsula during 24th to 26th.
- Lowest night temperature in the plains of the country was 6.0 °C recorded at Adampur in Punjab.

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

- Decrease in rainfall activity over south Peninsula.
- Another approaching western disturbance is likely to affect Western Himalayan region from 26th and plains of northwest India from 27th onwards.

Source: IMD (GOI)

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