

GUAR DAILY

February 5th, 2007

SPOT MARKETS:

The guar spot markets witnessed weak sentiment during Saturday's trade, where the spot prices of guar seed and guar gum quoted lower in the majority of markets on weak demand, while remain steady in Nokha on subdued demand. Moreover, the weakness in the futures market, also affected the spot market sentiment. The arrivals at the major physical markets are reported to be steady at around 15000-16000 bags. Arrivals remain steady at 800 bags in Bikaner and 400 bags in Nokha. Farmers are only releasing that much stock, which observed easily in the market. According to the trade sources good arrivals are expected up to march, as the export demand will pick up.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed bearish trade following a steady opening. Increased selling interest has pressurised the market and settled down. The Guar Seed February contract settled down by 0.46% at Rs.1961 per qtl and hovered the range of Rs. 1957-1984 per qtl, while the most active March contract moved in the range of Rs. 1994-2024 per qtl. The guar gum March futures at the NCDEX settled down by 0.28% at Rs. 4969 per qtl. following a firm opening. Increased selling interest at higher levels pressurised the futures. The February contact traded in the range of Rs. 4875-4929, while the March contract fluctuated in the range of 4950-5012.

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

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 slightly upwards. MACD is in negative region and moving upwards. Closing price is in-between 9 days and the 18 days EMA. Market is expected to trade bullish following a firm opening.

OUTLOOK:

Guar seed futures are expected to trade upwards following a firm opening with possibility of early downwards movement.

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1970	1980	1999	2025	2032
Guar Gum Mar.	4900	4930	4969	5040	5060

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- March Guar Seed above 1990 with target of 2015 then 2025 Stop loss near 1975.

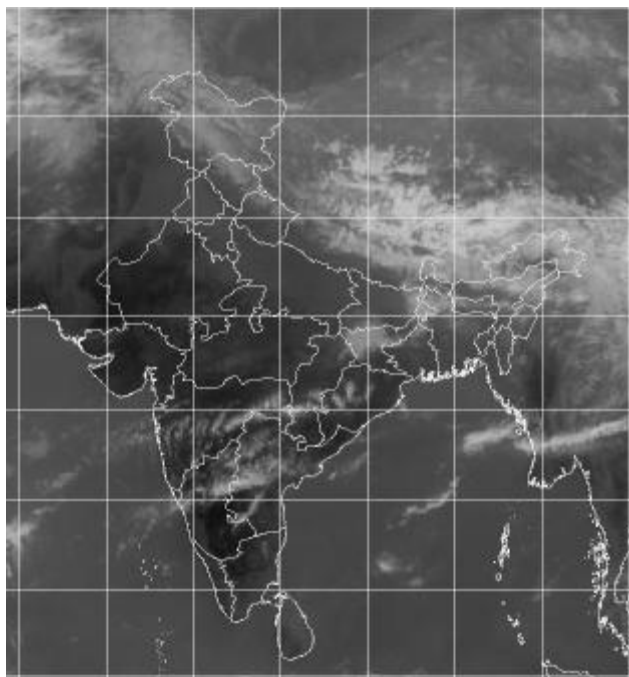
BUY NCDEX- March Guar Gum above 4955 with target of 5015 then 5040 Stop loss near 4930.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	03.02.07	02.02.07	Change
Guar Seed	Bikaner	1835	1870	-35
	Jodhpur	1950	2000	-50
	Nokha	1840	1840	-
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4888	4990	-102

SATELLITE PICTURE OF MONSOON PROGRESS (31.01.07)



Monsoon Outlook (31.01.07)

- During past 24 hours, both day and night temperatures have fallen by 2-4 °C over plains of northwest India. However, they still continue to remain above normal by 2-3°C over the north India and by 4-6°C over west, central & east India.
- The current meteorological analysis suggests further fall in both day and night temperatures by 2-3 °C over Indo-Gangetic plains and central India during next 48 hours.
- Lowest night temperature in the plains of the country was 5.6 °C recorded at Adampur in Punjab.

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

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

Source: GOI (IMD)

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