

GUAR DAILY

February 27th, 2007

SPOT MARKETS:

Guar spot market witnessed weak sentiment during the Monday's trade. The prices of both guar seed and guar gum were quoted on the lower side in majority of market on weak demand from miller as well as exporters, while quoted in the stronger side in Nokha on improved demand from miller. Consequently arrivals in Nokha increased from 350 to 500 bags, while declined from 500 to 450 bags in Bikaner. Overall arrivals reportedly stood steady at 10000-11000 bags a day. Further, arrivals are expected to decline in coming days due to the forecast of mild to moderate showers over Rajasthan region. Moreover, the rumors regarding ban on futures trading added to the bearish trend.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiment with slightly bullish tone. The most active April contract opened weak at Rs. 1925, down by Rs. 3 against the previous close of Rs. 1928 and traded upwards initially and tested a high of Rs. 1943. However, selling pressure at higher level pushed the futures to trade downwards and settled in the negative region. April contract moved in the range of Rs. 1943-1916 per qtl while the March contract moved in the range of Rs. 1899-1875 per qtl. Guar gum April contract fluctuated in the range of Rs. 4718-4653/qtl, while March contract moved in the range of Rs. 4635-4565/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. Some demand from millers

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 thin market sentiments. Stochastic is in normal region and moving upwards. MACD is in negative region and moving upwards. Closing price is in-between 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 April Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Apr.	1890	1905	1927	1950	1960
Guar Gum Apr.	4600	4625	4675	4725	4758

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- April Guar Seed above 1918 with target of 1938 then 1950 **Stop loss** near 1900.

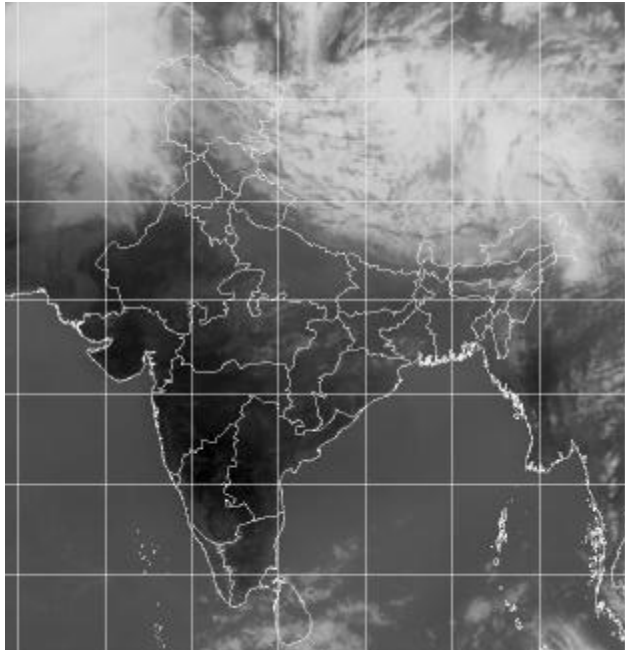
BUY NCDEX- April Guar Gum above 4650 with target of 4700 then 4725 **Stop loss** near 4625.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	26.02.07	24.02.07	Change
Guar Seed	Bikaner	1770	1775	-5
	Jodhpur	1900	1910	-10
	Nokha	1735	1715	+20
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4600	4645	-45

SATELLITE PICTURE OF MONSOON PROGRESS (26.02.07)



Monsoon Outlook (26.02.07)

- Under the influence of a western disturbance scattered precipitation activity is likely over Western Himalayan region from tonight. It is likely to become fairly widespread during subsequent 2-3 days. Scattered rain/thundershowers also likely over Rajasthan and plains of northwest India during 27th February to 1st March. Isolated hailstorm/squall also likely over the above region.
- Scattered rainfall activity also likely over East Uttar Pradesh, Bihar and West Bengal from 1st March.
- 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):

- Decrease in precipitation activity likely over Western Himalayan region and plains of northwest India from 1st March evening.

Source: IMD (GOI)

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