

GUAR DAILY

March 1st, 2007

SPOT MARKETS:

Guar spot market witnessed weak sentiments during the Wednesday's trade. The spot prices of both guar seed and guar gum declined in the major markets as rains and cloudy weather disrupted the trade activity. This did not have any impact on prices as demand from millers stood low. Arrivals in Bikaner declined from 400 bags to 150 bags, while in Nokha they stood at 100 bags against 350 bags on Tuesday. Overall arrivals declined from 11000 to 9000 bags. According to APEDA, India's guar gum exports in April-Oct 2006 rose 12.6 per cent to 1,09,481 tonnes compared to last years 97,211 tonnes. In value terms, total guar gum exports were valued at \$144.71 million, up 19.37 per cent from last year. However, there has been consecutive monthly fall in exports. As per market sources, high prices of guar seed and guar gum during April-Oct are seen. India's export target for 2006-07 (March-April), in value terms was also lowered to \$281.59 million from \$283 million earlier.

FUTURES MARKETS:

NCDEX Guar seed futures observed lacklustre trading activity with slightly bullish tone. The most active April contract opened weak at Rs. 1869, down by Rs. 5 against the previous close of Rs. 1901 and traded upwards initially and tested a high of Rs. 1907. However, selling pressure at higher level pushed the futures to trade downwards and settled in the negative territory. April contract moved in the range of Rs. 1907-1886 per qtl, while the March contract moved in the range of Rs. 1867-1849 per qtl. Guar gum April contract fluctuated in the range of Rs. 4630-4580/qtl, while March contract moved in the range of Rs. 4550-4490/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 bearish market. Stochastic is in normal region and moving downwards following a bearish crossover. MACD is in negative region and moving downwards. Closing price is below both the 9 days and 18 days EMA, which indicates the trend will continue. Market is expected to trade downwards following a steady to weak opening.

OUTLOOK:

Guar seed futures are expected to trade downwards following a steady to weak opening.

NCDEX Guar Seed April Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Apr.	1855	1865	1899	1920	1930
Guar Gum Apr.	4525	4540	4600	4650	4670

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- April Guar Seed below 1908 with target of 1878 then 1865 Stop loss near 1922.

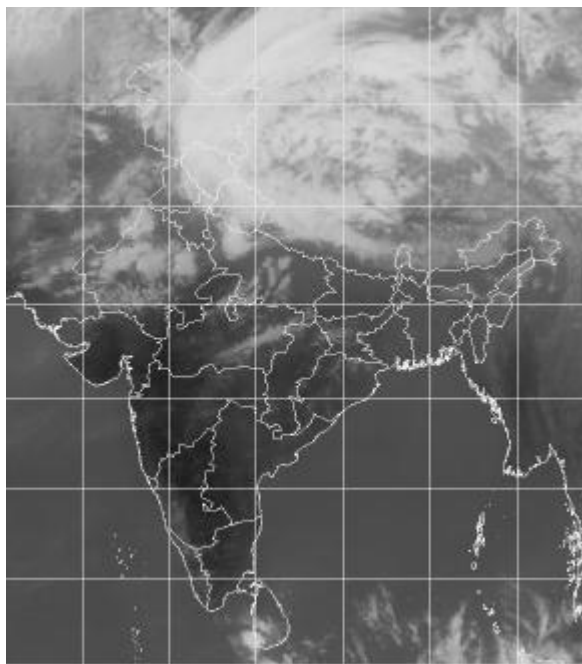
SELL NCDEX- April Guar Gum below 4620 with target of 4560 then 4530 Stop loss near 4650.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	28.02.07	27.02.07	Change
Guar Seed	Bikaner	1735	1750	-15
	Jodhpur	1865	1900	-35
	Nokha	1720	1735	-15
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4550	4600	-50

SATELLITE PICTURE OF MONSOON PROGRESS (28.02.07)



Monsoon Outlook (28.02.07)

- Under the influence of Western disturbance, widespread rain/snowfall with isolated heavy falls has occurred over Western Himalayan Region during past 24 hours. Scattered to fairly widespread rainfall/thundershowers has also occurred over the plains of northwest India and north Rajasthan
- Western disturbance and its induced upper air cyclonic circulation is still affecting northwest India. The current Meteorological Analysis suggests that ongoing widespread rainfall/snowfall with isolated heavy falls is likely to continue over western Himalayan region during next 24 hours and decrease thereafter. Fairly widespread rain also likely over the plains of northwest India and north Rajasthan till tomorrow forenoon and cease thereafter. Isolated rain/squall is also likely over the above region during next 24 hours
- Subsequently the rainfall belt is likely to shift eastwards causing scattered rain/thundershowers over East Uttar Pradesh, Bihar and West Bengal on 1st and over northeastern states on 1st and 2nd March.
- Night temperatures are likely to fall by 4-6 °C over the plains of northwest India from 2nd onwards

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

- A feeble western disturbance is likely to affect western Himalayan region.

Heavy Rainfall / Hail Warning (valid for next 24 hours)

- Isolated heavy rain/ snow over Western Himalayan Region.
- Isolated hailstorm/squall is likely over northwest India and Rajasthan.

Source: IMD (GOI)

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