

GUAR DAILY

February 22nd, 2007

SPOT MARKETS:

The guar physical markets remained mostly steady during Wednesday's trade. The prices of guar seed remained steady in the major market like Jodhpur, Bikaner and Nokha on subdued trading activity, while the prices of guar gum were quoted in slightly lower side on weak demand from exporters. Arrivals stood at 500-700 bags in Bikaner and 100-150 bags in Nokha. Overall arrivals reportedly noted at 10000-11000 bags a day. Moreover, the spillover weakness from the futures market has also affected the spot market sentiments. Prices are likely to ease further on weak physical demand in short term. However, expectation of higher exports in near futures would provide some support in near future.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiments with bearish undertone. The most active March contract opened firm at Rs. 1889, up by Rs. 8 against the previous close of Rs. 1881. However, increased selling pressure at current level pushed the futures to trade downwards and tested a low of Rs. 1851 and settled in the negative side. March contract moved in the range of Rs. 1889-1848 per qtl while the April contract moved in the range of Rs. 1929-1885 per qtl. Guar gum April contract fluctuated in the range of Rs. 4705-4603/qtl, while March contract moved in the range of Rs. 4618-4525/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 upwards. MACD is in negative region and moving upwards, indicating firm tone at medium term. Closing price is below both the 9 days and 18 days EMA. Market is expected to trade downwards following a steady to firm 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.	1810	1828	1851	1880	1900
Guar Gum Mar.	4450	4470	4525	4600	4640

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- March Guar Seed below 1865 with target of 1840 then 1828 **Stop loss** near 1880.

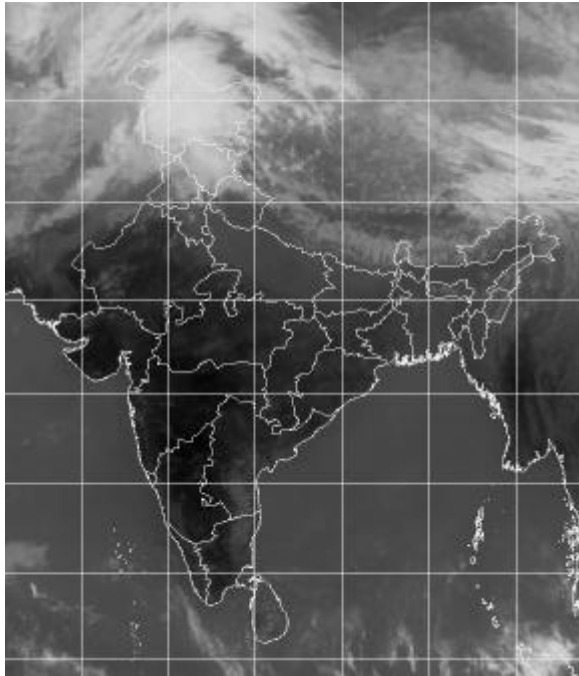
SELL NCDEX- March Guar Gum below 4560 with target of 4500 then 4470 **Stop loss** near 4590.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	21.02.07	20.02.07	Change
Guar Seed	Bikaner	1745	1745	-
	Jodhpur	1860	1860	-
	Nokha	1700	1700	-
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4570	4600	-30

SATELLITE PICTURE OF MONSOON PROGRESS (21.02.07)



Monsoon Outlook (21.02.07)

- A western disturbance as an upper air system lies over Jammu & Kashmir & neighbourhood and likely to cause scattered to fairly widespread rain/snow over the Western Himalayan region during next 24 hours and decrease thereafter.
- A slight rise of 1-2 °C in the night temperatures is likely over the plains of northwest India during next 24 hours and fall thereafter on 23rd.
- Lowest night temperature in the plains of the country was 6.6°C recorded at Adampur in Punjab.

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

- Under the influence of an approaching a fresh western disturbance scattered precipitation is likely over western Himalayan Region and the adjoining plains of northwest India and Rajasthan from 24th afternoon to 25th.
- Isolated to scattered rain/thundershower is also likely over east & northeast India on 25th & 26th.
- An easterly wave is likely to cause scattered rain/thundershowers over extreme south peninsula from 24th onwards.

Source: IMD (GOI)

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd