

GUAR DAILY

February 12th, 2007

SPOT MARKETS:

Guar spot market witnessed firm sentiment during the Saturday's trade on the back of slight improvement in demand due yesterday's withdrawal of VAT. Further, as rains hampered the arrivals at major markets also contributed in firming of the prices. Overall arrivals at the major spot markets declined sharply from 14000 to 8000 bags a day. No arrivals were reported in Nokha and Bikaner due to rains in this region. Prices are likely to remain steady to firm, as removal of VAT is likely to revive the demand. Moreover, firmness in the futures market has also helped the spot prices recovery.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiment with bullish tone. The most active March contract opened weak at Rs. 1908, down by Rs. 16 against the previous close of Rs. 1916. However, traded upwards on increased buying interest and tested a high of Rs. 1943 and finally settled in the positive side. March contract moved in the range of Rs. 1943-1908 per qtl while the February contract moved in the range of Rs. 1904-1874 per qtl. Guar gum February contract fluctuated in the range of Rs. 4725-4650/qtl, while March contract moved in the range of Rs. 4798-4720/qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Weak demand from processors and stockists
3. Farmers releasing their stock as per market demand

Bullish:

4. Fresh western disturbance affecting arrivals
5. Exclusion of VAT on guar in Rajasthan

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 firm market sentiment. Stochastic is in oversold region and moving upwards. MACD is in negative region and moving downwards. Closing price is much below 9 days and the 18 days EMA. Market is expected to trade bearish following a steady to weak 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.	1906	1920	1934	1966	1981
Guar Gum Mar.	4694	4730	4769	4850	4890

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- March Guar Seed above 1930 with target of 1955 then 1965 **Stop loss** near 1918.

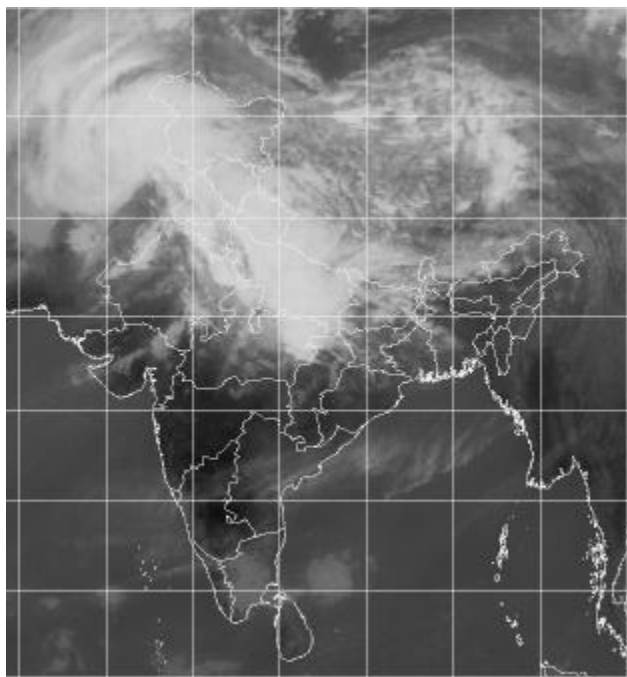
BUY NCDEX- March Guar Gum above 4750 with target of 4800 then 4825 **Stop loss** near 4725.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	10.02.07	09.02.07	Change
Guar Seed	Bikaner	1815	1800	+15
	Jodhpur	1930	1900	+30
	Nokha	1780	1770	+10
	Sriganganagar	NA	1750	-
Guar Gum	Jodhpur	4888	4836	+52

SATELLITE PICTURE OF MONSOON PROGRESS (10.02.07)



Monsoon Outlook (10.02.07)

- Under the influence of an active Western Disturbance, light to moderate rain/thundershowers have occurred at many places over plains of northwest India, Rajasthan and West Madhya Pradesh during the past 24th hours. Fairly widespread rain/snow has also occurred over western Himalayan Region. The Current Meteorological Analysis suggests that the ongoing fairly widespread precipitation activity over the above regions is likely to continue during next 2-3 days and also extend into eastern India.
- Day Temperatures have fallen by 2-4 °C over plains of northwest India. They are likely to fall further by 2-3 °C over Indo-Gangetic plains during next 3 days.

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

- Scattered precipitation is likely over Western Himalayan region and adjoining plains of northwest India under the influence of a fresh western disturbance.
- Scattered precipitation is likely to continue over northwest India and extend into east India.

Hailstorm Warning for Next 48 hours

- Isolated hailstorm is likely over Punjab, Haryana, Rajasthan, Delhi, Chandigarh and West Uttar Pradesh.

Heavy Snowfall Warning for Next 48 hours

- Isolated heavy to very heavy snowfall likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal.

Source: IMD (GOI)

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