

GUAR DAILY

February 28th, 2007

SPOT MARKETS:

Guar spot market witnessed steady to weak sentiment during the Tuesday's trade. The prices of both guar seed and guar gum were quoted steady in the majority of trading centers on subdued demand, while it is quoted on the lower side in Bikaner on weak demand. With stockists releasing the guar in market and no buying interest coming from the millers, it has added to the bearishness. Thus, prices are expected to remain on lower side in subsequent days. Consequently arrivals declined from 450 to 400 bags in Bikaner and 500 to 350 bags in Nokha. Overall arrivals stood at 10000-11000 bags a day. However, arrivals are expected to decline in coming days due to the forecast of mild to moderate showers over Rajasthan region.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active April contract opened weak at Rs. 1931, down by Rs. 2 against the previous close of Rs. 1933 and traded upwards initially and tested a high of Rs. 1937. However, selling pressure at higher level pushed the futures to trade downwards and finally settled in the negative territory. April contract moved in the range of Rs. 1896-1937 per qtl, while the March contract moved in the range of Rs. 1858-1895 per qtl. Guar gum April contract fluctuated in the range of Rs. 4615-4700/qtl, while March contract moved in the range of Rs. 4521-4605/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	1901	1925	1940
Guar Gum Apr.	4525	4540	4620	4675	4700

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- April Guar Seed below 1910 with target of 1880 then 1865 Stop loss near 1925.

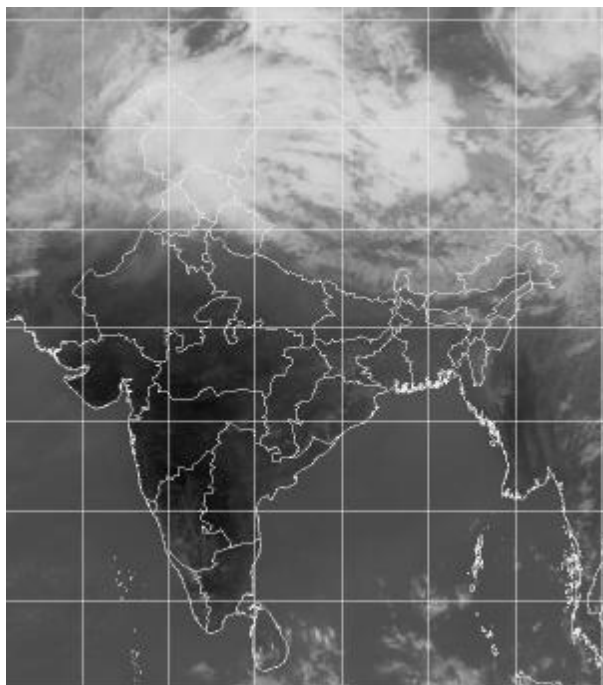
SELL NCDEX- April Guar Gum below 4640 with target of 4580 then 4550 Stop loss near 4670.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.02.07	26.02.07	Change
Guar Seed	Bikaner	1750	1770	-20
	Jodhpur	1900	1900	-
	Nokha	1735	1735	-
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4600	4600	-

SATELLITE PICTURE OF MONSOON PROGRESS (27.02.07)



Monsoon Outlook (27.02.07)

- Under the influence of the western disturbance, scattered rain/snow has occurred over Western Himalayan region during the last 24 hours. The current meteorological analysis suggest that widespread precipitation with isolated heavy falls is likely over the western Himalayan region during next 2 days and decrease thereafter. Scattered rain/thundershowers are also likely over plains of northwest India and Rajasthan during the same period. Isolated hailstorm/squall is also likely over the above region during next 2 days.
- Subsequently the rain/thundershowers activity is likely to shift to East Uttar Pradesh, Bihar, Jharkhand, West Bengal and northeastern states during 1st and 2nd March.
- Maximum temperatures are likely to fall by 4-6 °C over northwest India during next 2 days.

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

- Mainly dry weather over northwest India and increase in day temperatures.
- Scattered rain/thundershowers likely to continue over northeastern States.

Source: IMD (GOI)

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