

GUAR DAILY

February 2nd, 2007

SPOT MARKETS:

The guar spot markets witnessed on an average a bearish sentiment during Thursday's trade. The arrivals at the major physical markets are reported to be steady at around 15000-16000 bags. Arrivals stood steady at 1200 bags in Bikaner, while increased to 400 bags from 200 bags in Nokha. With a steady arrival, the prices of guar at the physical markets remained at the lower side. Moreover, the weakness in the futures market have also pressurised the spot market sentiments. Despite a lower price, activity was limited at the physical markets with the sellers not active at the lower levels. Traders are expecting a quick recovery in guar prices, as export activity is likely to pick up in coming days

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed bearish trade following a firm opening. Increased selling pressure has pressurised the market and settled at negative zone. The Guar Seed February contract settled down by 1.17% at Rs.1935 per qtl and hovered the range of Rs. 1934-1963 per qtl, while the most active March contract moved in the range of Rs. 1971-2000 per qtl. The guar gum March futures at the NCDEX traded down by 0.99% at Rs. 4901 per qtl. following a steady opening. Increased selling interest at higher levels pressurised the futures and settled red. The February contract traded in the range of Rs. 4825-4871, while the March contract fluctuated in the range of 4889-4955.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Pakistan's export prices remain lower as against India

Bullish:

3. Farmers are not releasing their stock at lower prices
4. Expectation of higher export in the coming days

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 weak market sentiment. Stochastic is in normal region and moving downwards following a bearish crossover. MACD is in negative region and moving downwards, indicating weak tone for medium term. Closing price is below 9 days and the 18 days EMA. Market is expected to trade bearish following a weak opening.

OUTLOOK:

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

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1940	1950	1972	1988	1995
Guar Gum Mar.	4821	4847	4901	4950	4970

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- March Guar Seed below 1980 with target of 1960 then 1950 Stop loss near 1990.

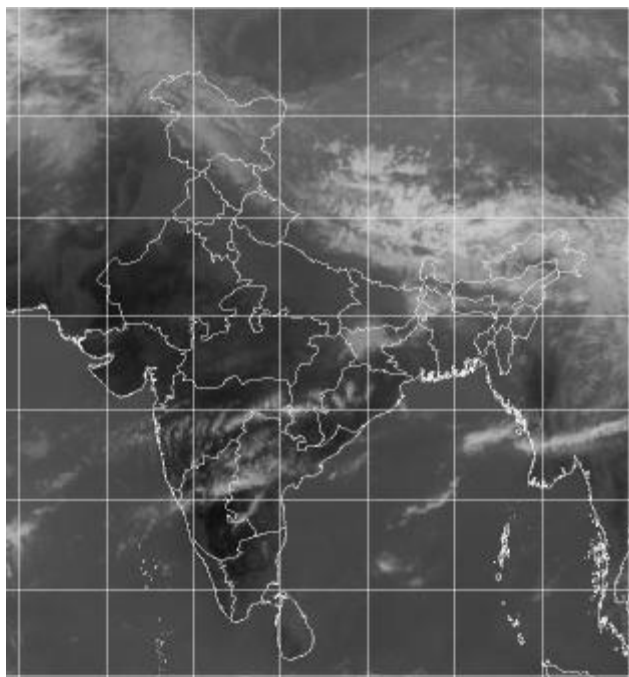
SELL NCDEX- March Guar Gum below 4920 with target of 4870 then 4845 Stop loss near 4950.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	01.02.07	31.01.07	Change
Guar Seed	Bikaner	1830	1840	-10
	Jodhpur	1950	1950	-
	Nokha	1750	1800	-50
	Sriganganagar	NA	1745	-
Guar Gum	Jodhpur	4890	4940	-50

SATELLITE PICTURE OF MONSOON PROGRESS (31.01.07)



Monsoon Outlook (31.01.07)

- During past 24 hours, both day and night temperatures have fallen by 2-4 °C over plains of northwest India. However, they still continue to remain above normal by 2-3°C over the north India and by 4-6°C over west, central & east India.
- The current meteorological analysis suggests further fall in both day and night temperatures by 2-3 °C over Indo-Gangetic plains and central India during next 48 hours.
- Lowest night temperature in the plains of the country was 5.6 °C recorded at Adampur in Punjab.

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

- A fresh western disturbance is likely to affect Western Himalayan region.
- Rise in night temperature over the plains of the northwest India.

Source: GOI (IMD)

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