

GUAR DAILY

February 8th, 2007

SPOT MARKETS:

Spot market prices of guar seed and guar gum quoted mostly lower in the majority of markets amidst weak demand and steady arrivals. Overall arrivals stood steady at 15000-16000 bags a day during the Wednesday's trade. Arrivals declined from 1100 to 800 bags in Bikaner and 300 to 150 bags in Nokha, as rains and hailstorm affected the arrivals. Arrivals are expected to improve up to March, as the export demand will pick up. Buying activity from processors and stockists remain silent in the market, as they already have ample of stock. Moreover, the speculative selling pressure at the futures market and consequent downfall in futures prices has dampened the physical market sentiments.

FUTURES MARKETS:

NCDEX Guar seed futures observed lacklustre trade with bearish undertone. The most active March contract opened firm at Rs. 1999, Rs. 1 up against the previous close of Rs. 1998 and traded upwards initially and tested a high of Rs. 2002. However, selling pressure at current level pushed the futures to trade downwards and settled the futures in negative side. March contract moved in the range of Rs. 1999-2002 per qtl while the February contract moved in the range of Rs. 1964-1994 per qtl. Guar gum February contract fluctuated in the range of Rs. 4887-4895/ctl, while March contract moved in the range of Rs. 4955-4966/ctl.

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. 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. MACD is in negative region and moving downwards. Closing price is in 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.	1952	1963	1987	2010	2020
Guar Gum Mar.	4856	4880	4927	4970	5000

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- March Guar Seed below 1994 with target of 1974 then 1964 **Stop loss** near 2012.

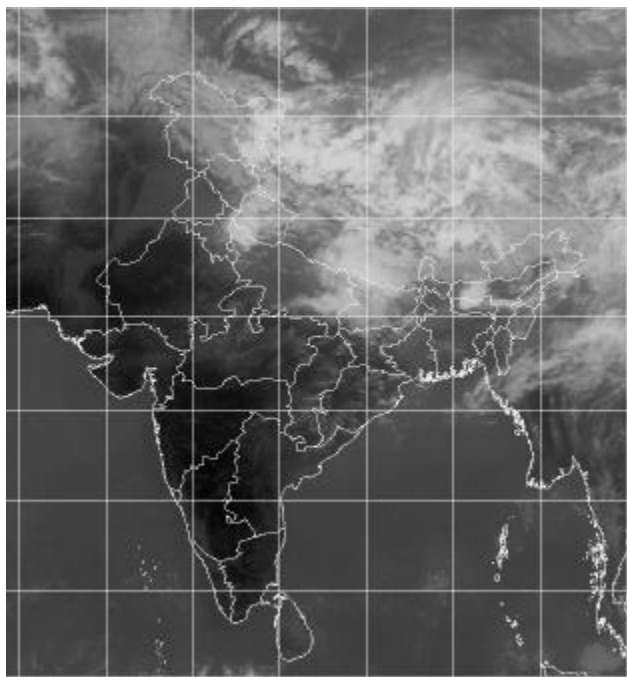
SELL NCDEX- March Guar Gum below 4940 with target of 4900 then 4880 **Stop loss** near 4965.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	07.02.07	06.02.07	Change
Guar Seed	Bikaner	1835	1850	-15
	Jodhpur	1950	1975	-25
	Nokha	1820	1840	-20
	Sriganganagar	NA	1770	-
Guar Gum	Jodhpur	4940	4966	-26

SATELLITE PICTURE OF MONSOON PROGRESS (07.02.07)



Monsoon Outlook (07.02.07)

- During past 24 hours, scattered rain/snowfall has occurred over western Himalayan region. Isolated rain/thundershower has also occurred over plains of northwest India during the same period. The current meteorological analysis suggests that scattered rain/thundershower is likely over East Uttar Pradesh, Bihar, Sub-Himalayan West Bengal & Sikkim during next 48 hours. Isolated precipitation activity is also likely over northwest India during next 24 hours.
- With the eastward movement of the western disturbance, northwesterly winds are likely to prevail over northwest India. As a result, night temperatures are likely to fall by 2-3 °C during next 1-2 days.
- Lowest night temperature in the plains of the country was 8.1 °C recorded at Amritsar in Punjab.

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.
- Further rise in night temperatures over the plains of northwest India.

Source: IMD (GOI)

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