

GUAR DAILY

February 19th, 2007

SPOT MARKETS:

Bearish sentiment is fast engulfing the guar market. The prices of both guar seed and guar gum declined in the majority of market on weak demand from miller and exporters. Moreover, bearishness in the futures market dampened the spot market. Consequently arrivals declined in the market at lower price levels. Arrivals declined from 500 to 400 bags in Bikaner, while no arrivals reported in Nokha. The overall arrival at the major physical market reportedly noted at 10000-11000 bags a day. Prices expected to remain weak in short term due to weak demand coupled with higher stock in the market and low export demand.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiments with bearish undertone. The most active March contract opened at its previous close of Rs. 1869 and traded upwards initially and tested a high of Rs. 1878. However, selling pressure at higher level pushed the futures to trade downwards and settled in the negative side. March contract moved in the range of Rs. 1878-1821 per qtl while the February contract moved in the range of Rs. 1830-1785 per qtl. Guar gum February contract fluctuated in the range of Rs. 4550-4402/qtl, while March contract moved in the range of Rs. 4590-4475/qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Higher stock level in the market
3. Weak demand from millers
4. Farmers releasing their stock as per market demand
5. Exclusion of VAT on guar in Rajasthan

Bullish:

6. Expectation of higher export order in near future

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 oversold region and moving slightly upwards. MACD is in negative region and moving downwards. Closing price is far 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 March Contract:



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| Guar Seed Mar. | 1780 | 1800 | 1840 | 1860 | 1876 |
| Guar Gum Mar. | 4350 | 4400 | 4512 | 4560 | 4600 |

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- March Guar Seed below 1850 with target of 1820 then 1805 **Stop loss** near 1865.

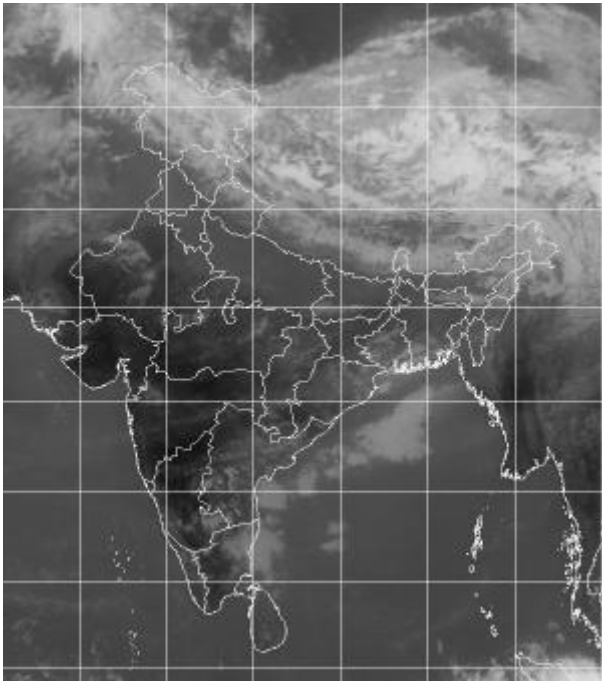
SELL NCDEX- March Guar Gum below 4540 with target of 4480 then 4450 **Stop loss** near 4570.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

| Commodity | Centres | 17.02.07 | 16.02.07 | Change |
|-----------|---------------|----------|----------|--------|
| Guar Seed | Bikaner | 1740 | 1755 | -15 |
| | Jodhpur | 1850 | 1875 | -25 |
| | Nokha | 1700 | NA | - |
| | Sriganganagar | NA | NA | - |
| Guar Gum | Jodhpur | 4530 | 4600 | -70 |

SATELLITE PICTURE OF MONSOON PROGRESS (17.02.07)



Monsoon Outlook (17.02.07)

- A fresh western disturbance is likely to affect western Himalayan region from tomorrow.
- No significant change in night temperatures is likely to occur over Indo Gangetic plains during next 1-2 days and slight fall thereafter.
- Lowest night temperature in the plains of the country was 4.4 °C recorded at Adampur in Punjab.

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

- Further slight fall in night temperatures is likely over Indo-Gangetic plains.

Source: IMD (GOI)

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