

GUAR DAILY

February 6th, 2007

SPOT MARKETS:

The guar spot markets witnessed steady sentiment during Monday's trade, where the spot prices of guar seed and guar gum quoted steady in the majority of markets on subdued demand, while eased slightly in Nokha on weak demand. Diversion of overseas demand to Pakistan has also affected the spot market sentiment, as the Pakistan is quoting at Rs. 4200 lower by Rs. 600 against the Indian prices. The arrivals at the major physical markets are reported to be steady at around 15-16 thousand bags. Arrivals increased from 800 to 1100 bags in Bikaner, while declined from 400 to 200 bags in Nokha. Arrivals are expected to improve up to march, as the export demand will pick up. Moreover, the weakness in the futures market, also affected the spot market sentiment.

FUTURES MARKETS:

NCDEX Guar seed futures observed lacklustre trade with bearish tone. The most active March contract opened weak at Rs. 1997 against the previous close of Rs. 1999 and traded upwards and tested a high of Rs. 2003. 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. 2003-1982 per qtl while the February contract moved in the range of Rs. 1966-1946 per qtl. Guar gum February contract fluctuated in the range of Rs. 4883-4835/ctl, while March contract moved in the range of Rs. 4966-4916/ctl.

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 in-decisive market sentiment. Stochastic is in normal region and moving slightly upwards. MACD is in negative region and moving upwards. Closing price is below 9 days and the 18 days EMA. Market is expected to trade bullish following a weak opening.

OUTLOOK:

Guar seed futures are expected to trade upwards following a weak opening with possibility of early downwards movement.

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1965	1975	1990	2022	2030
Guar Gum Mar.	4860	4890	4936	5020	5040

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- March Guar Seed above 1987 with target of 2012 then 2022 **Stop loss** near 1975.

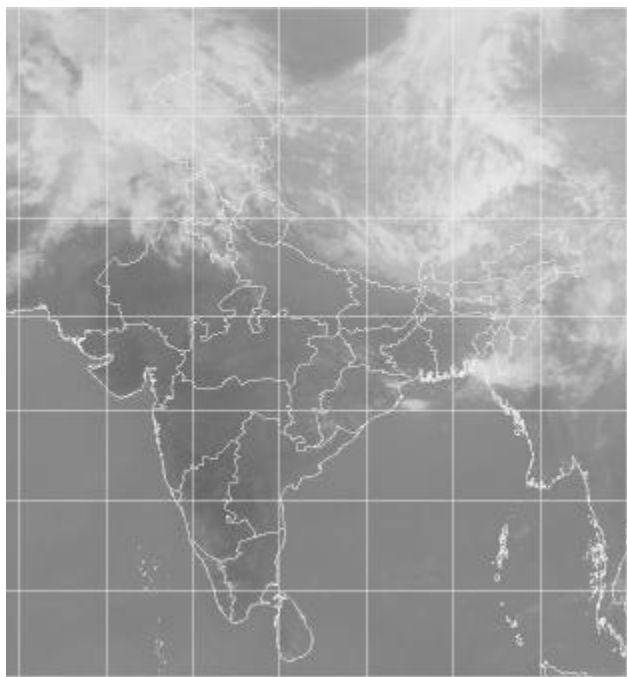
BUY NCDEX- March Guar Gum above 4920 with target of 4980 then 5010 **Stop loss** near 4890.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	05.02.07	03.02.07	Change
Guar Seed	Bikaner	1835	1835	-
	Jodhpur	1950	1950	-
	Nokha	1830	1840	-10
	Sriganganagar	1760	NA	-
Guar Gum	Jodhpur	4888	4888	-

SATELLITE PICTURE OF MONSOON PROGRESS (05.02.07)



Monsoon Outlook (05.02.07)

- Night temperatures are above normal by 4-6°C over many parts of Rajasthan and by 2-3°C over Indo-Gangetic plains and central India. The current scenario suggests that they are likely to rise by 2-3°C during next 48 hours.
- Scattered rain/thundershower is likely to continue over northeastern States and Sub-Himalayan West Bengal & Sikkim during next 2-3 days.
- Lowest night temperature in the plains of the country was 6.4 °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 and adjoining plains of northwest India from 9th onwards.
- Rise in night temperatures over the plains of northwest India.

Source: GOI (IMD)

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