

GUAR DAILY

March 8th, 2007

SPOT MARKETS:

Guar prices continued its firmness during the Wednesday's trade. Prices of both guar seed and guar gum quoted on the stronger side in the majority of markets on good demand from millers. Lower arrivals also added firmness in the prices. Millers remained active during the Wednesday's trade while exporters demand remained subdued in the market. Trade sources reported that the overseas demand is picking up gradually at Jodhpur. Thus, prices are expected to remain in the upper side on gradually increasing overseas as well as domestic demand. Arrivals at the Bikaner mandi stood at 250 bags and 50 bags in Nokha. Overall arrivals stood in the range of 10000-11000 bags a day.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active April contract opened firm by Rs. 2 at Rs. 1922 against the previous close of Rs. 1920 and traded upwards on increased buying interest and tested a high of Rs. 1947. However, increased selling pressure pushed the futures to trade downwards and settled in the negative side. April contract moved in the range of Rs. 1947-1911 per qtl, while the March contract moved in the range of Rs. 1900-1869 per qtl. Guar gum April contract fluctuated in the range of Rs. 4818-4716/qtl, while March contract moved in the range of Rs. 4715-4626/qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Stockists releasing their stock
3. Exclusion of VAT on guar in Rajasthan

Bullish:

4. Expectation of higher export order in near future
5. Improved demand from millers & exporters
6. Lower arrivals in the market

WEATHER IMPACT:

Guar harvesting is almost completed in major guar producing belts, and therefore, weather is not a concern at the moment.

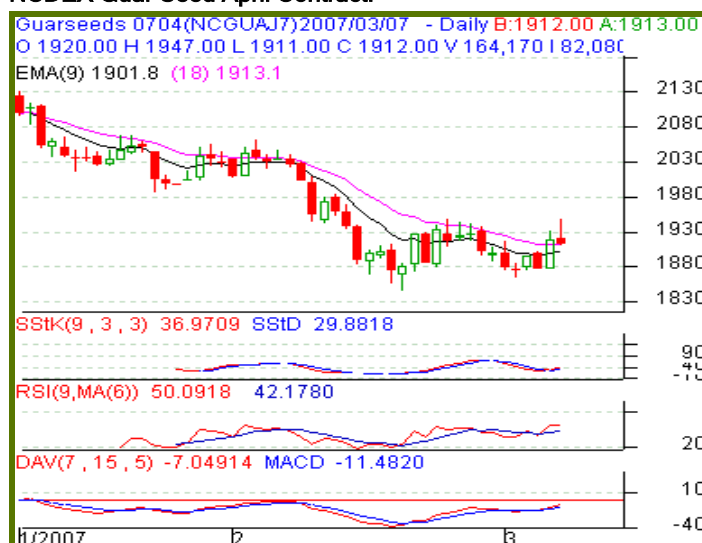
TECHNICALS:

Candlestick chart pattern exhibits weak market sentiment; long upper shadow indicates sellers dominated the market. Stochastic is in neutral region and moving upwards. MACD is in negative region and moving slightly upwards. Closing price is between the 9 days and 18 days EMA. Market is expected to trade downwards following a steady to slightly weak opening.

OUTLOOK:

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

NCDEX Guar Seed April Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Apr.	1869	1880	1912	1954	1963
Guar Gum Apr.	4615	4633	4716	4776	4800

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- April Guar Seed below 1930 with target of 1905 then 1892 Stop loss near 1945.

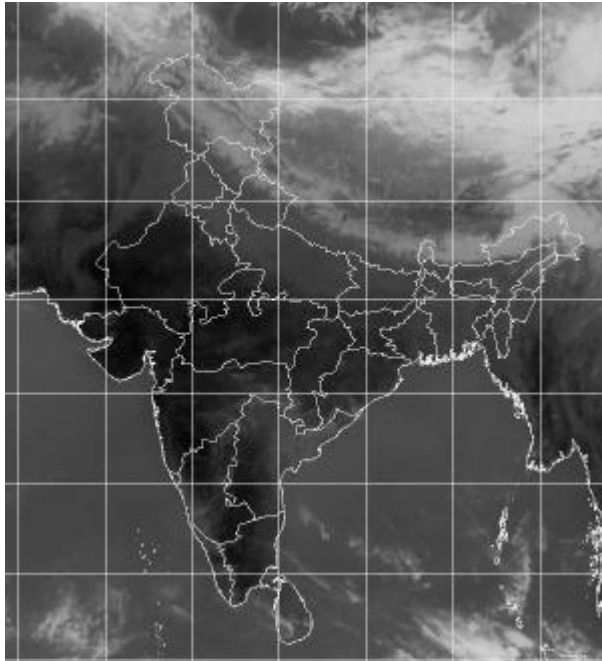
SELL NCDEX- April Guar Gum below 4736 with target of 4686 then 4661 Stop loss near 4761.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	07.03.07	06.03.07	Change
Guar Seed	Bikaner	1785	1765	+20
	Jodhpur	1925	1900	+25
	Nokha	1730	1715	+15
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4700	4600	+100

SATELLITE PICTURE OF MONSOON PROGRESS (07.03.07)



Monsoon Outlook (07.03.07)

- Two western disturbances in quick succession one from 8th night to 10th and another from 11th to 13th are likely to affect western Himalayan region and adjoining plains of northwest India. As per numerical weather models, the second western disturbance is likely to be more active.
- Night temperatures are below normal by 2-4o C over northwest and central India and 3-5o C over east India. However, current Meteorological Analysis suggests rise in night temperatures over these regions during next 2-3 days.

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

- Scattered to fairly widespread precipitation activity is likely over Western Himalayan region and adjoining plains of northwest India.

Source: IMD (GOI)

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