

GUAR DAILY

March 21st, 2007

SPOT MARKETS:

Guar seed prices softened at the back of inactive trading witnessed on Tuesday on account of extended celebration of Hindu New Year. Arrivals were reported steady and demand from millers is expected to improve for the day to come. As per market observers, guar gum prices will rule firm on account of speculative buying during lean season. Prices for guar gum in Jodhpur stood range bound. Total arrivals on Friday stood at 4000-5000 bags. Adverse weather predicted over North West India and North India is likely to affect routine trading and daily arrivals. Lean season for guar seed may firm up prices of seed and gum in near future. Indian Guar gum industry is hoping to increase its exports by 10 to 15% per annum. With such buoyant sentiments India is likely to surpass Pakistan and Sudan in terms of export of Guar gum in near future.

FUTURES MARKETS:

NCDEX Guar seed futures traded weak. The most active April contract opened at Rs 1946 per qtl previous closing levels of Rs. 1948/ctl and settled low at Rs 1936 per qtl. April contract moved in the range of Rs. 1932-1951 per qtl. Guar gum futures at NCDEX traded weak. The most active April contract opened low at Rs4771, against the previous close of Rs. 4778 and settled at Rs 4715 per qtl. April contract moved in the range of Rs. 4715-4775 per qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Inactive trading on account of Hindu New Year and Partial Solar Eclipse.
3. Exclusion of VAT on guar in Rajasthan

Bullish:

4. Expectation of higher export order in near future
5. Improved overseas demand

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. Sellers dominated the market. Stochastic is in neutral region and moving downwards. The %K line likely has made bearish crossover with the % D line, signalling some weakness in medium term. MACD is in positive region and moving southwards. Closing price is in-between the 9 days and 18 days EMA. 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 April Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Apr.	1888	1900	1936	1960	1977
Guar Gum Apr.	4620	4650	4715	4765	4800

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- April Guar Seed below 1942 with target of 1918 then 1905 Stop loss near 1955.

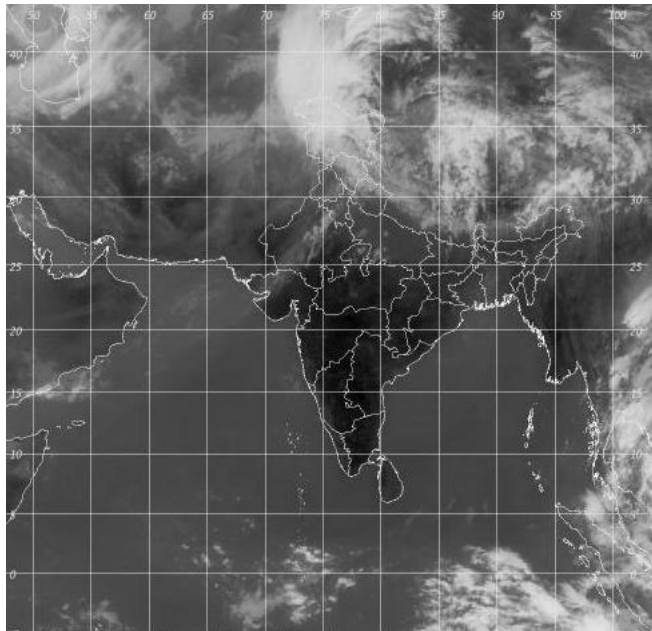
SELL NCDEX- April Guar Gum below 4735 with target of 4685 then 4660 Stop loss near 4760.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.03.07	19.03.07	Change
Guar Seed	Bikaner	1815	1823	-8
	Jodhpur	1930	1925	0
	Nokha	-	1750	-
Guar Gum	Sriganganagar	-	-	-
	Jodhpur	4725	4725	0

SATELLITE PICTURE OF MONSOON PROGRESS (20.03.07)



Monsoon Features (20.03.07)

- Under the influence of western disturbance, moderate to rather heavy rain/snowfall has occurred at most places over Jammu & Kashmir and Himachal Pradesh during past 24 hours. Light rain/thundershowers has also occurred at a few places over Haryana, Chandigarh & Delhi, Rajasthan and Uttarakhand.
- The current meteorological analysis suggests fairly widespread rain/snowfall over Western Himalayan Region during next 48 hrs. Isolated to scattered rain/thundershowers accompanied with squall is also likely over Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh and Rajasthan during next 1-2 days.

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

- ✓ Isolated squall is likely over Haryana, Chandigarh & Delhi and Uttar Pradesh during the same period.

Source: IMD (GOI)

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