

GUAR DAILY

March 10th, 2007

SPOT MARKETS:

Guar prices ruled firm during the Friday's trade. The prices of both guar seed and guar gum quoted on stronger side amidst good demand from millers and exporters against lower arrivals. Market sources reported that the exporter have received fresh export orders from China as well as some order from UK in the market. Thus, prices are expected to remain in stronger side in short term. However, the fresh western disturbance hitting on 11th-13th March is likely to affect the arrivals and trade activity in the market. Arrivals at the majority of markets stood steady at 10000-11000 bags a day. Arrival at the Bikaner mandi stood steady at 300 bags, while increased to 350 bags from 150 bags in Nokha.

FUTURES MARKETS:

NCDEX Guar seed futures observed lacklustre trade with bullish tone. The most active April contract opened firm by Rs. 5 at Rs. 1944 against the previous close of Rs. 1939 and traded downwards initially testing a low of Rs. 1930. However, futures recovered on increased buying interest and settled in the positive side. April contract moved in the range of Rs. 1963-1930 per qtl, while the March contract moved in the range of Rs. 1915-1885 per qtl. Guar gum April contract fluctuated in the range of Rs. 4840-4760/qtl, while March contract moved in the range of Rs. 4745-4671/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. Improved overseas demand
7. 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 indecisive market. Stochastic is in neutral region and moving upwards. MACD is in negative region and rising, which shows decrease in bearish momentum. Closing price is above both the 9 days and 18 days EMA that indicates medium term firmness in prices. Market is expected to trade upwards following a steady to slightly firm opening.

OUTLOOK:

Guar seed futures are expected to trade upwards following a steady to slightly firm opening.

NCDEX Guar Seed April Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Apr.	1916	1925	1946	2005	2018
Guar Gum Apr.	4662	4700	4790	4900	4950

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- April Guar Seed above 1948 with target of 1970 then 1982 Stop loss near 1937.

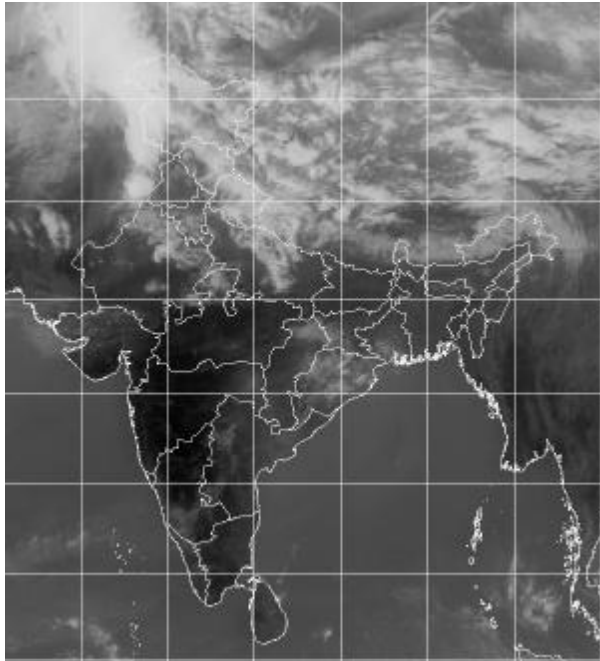
BUY NCDEX- April Guar Gum above 4800 with target of 4850 then 4875 Stop loss near 4775.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	09.03.07	08.03.07	Change
Guar Seed	Bikaner	1800	1785	+15
	Jodhpur	1935	1930	+5
	Nokha	1755	1730	+25
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4735	4725	+10

SATELLITE PICTURE OF MONSOON PROGRESS (09.03.07)



Monsoon Outlook (09.03.07)

- A western disturbance as an upper air system lies over north Pakistan & neighbourhood. An induced low pressure area with associated upper air cyclonic circulation lies over south Pakistan and adjoining West Rajasthan. Under their influence scattered to fairly widespread rain/snow is likely over Western Himalayan Region today and tomorrow. Isolated rain/thundershower is also likely over adjoining plains of northwest India and Rajasthan during the same period.
- Another western disturbance is likely to cause scattered to fairly widespread precipitation over northwest India and Rajasthan during 11th to 13th and over east India on 12th and 13th. Isolated heavy falls also likely over Western Himalayan Region and isolated hail/squall over the adjoining plains.

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

- Fairly widespread precipitation activity with isolated heavy falls is likely over northwest India. Isolated hail/squall is also likely over this region.
- Scattered rain/thundershowers is also likely over east India.

Source: IMD (GOI)

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