

GUAR DAILY

March 29th, 2007

SPOT MARKETS:

The prices of both guar seed and guar gum quoted higher at the majority of markets on good domestic as well as overseas demand against the steady arrivals. Arrival at Bikaner and Nokha mandi stood steady at 200 and 500 bags. The total arrivals at the majority of markets reportedly noted at 4000-6000 bags a day. Trade sources reported that the overseas demand increasing day-by-day due to lower stocks of guar gum and almost same prices in Pakistan. Traders expects in coming days overseas demand will increase more as the stock position is almost finishing in Pakistan. Demand for guar gum in Indian market is mainly from China and some demand from UK is also reported in the market. Consequently millers and exporters remained active in the market and stockists were seen releasing their stocks at higher price level. Thus, prices are expected to remain in the stronger side in coming days due to increasing overseas and domestic demand.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiment with bullish tone. The most active April contract opened weak at Rs 1980/mtl, down by Rs. 2 against the previous close of Rs. 1982/mtl. However, futures traded upwards thereafter on increased buying interest and tested a high of Rs. 2020 and settled in the positive side. April contract moved in the range of Rs. 1980-2020/mtl, while the guar gum April contract moved in the range of Rs. 4848-4970/mtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Exclusion of VAT on guar in Rajasthan

Bullish:

3. Expectation of higher export order in near future
4. Increased overseas demand from China
5. Good demand from millers and exporters
6. Stock position is almost finishing in Pakistan

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 strength in the market. Buyers mainly dominated the market. Stochastic is in neutral region and moving downwards following a bearish crossover. MACD is in positive region and moving up. Closing price is above both the 9 days and 18 days EMA. Market is expected to trade range bound with firm undertone following a steady to weak opening.

OUTLOOK:

Guar seed futures are expected to trade range bound with firm undertone following a steady to weak opening.

NCDEX Guar Seed May Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed May.	2040	2050	2077	2100	2115
Guar Gum May.	4990	5020	5072	5135	5160

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- May Guar Seed above 2065 with target of 2090 then 2100 Stop loss near 2050.

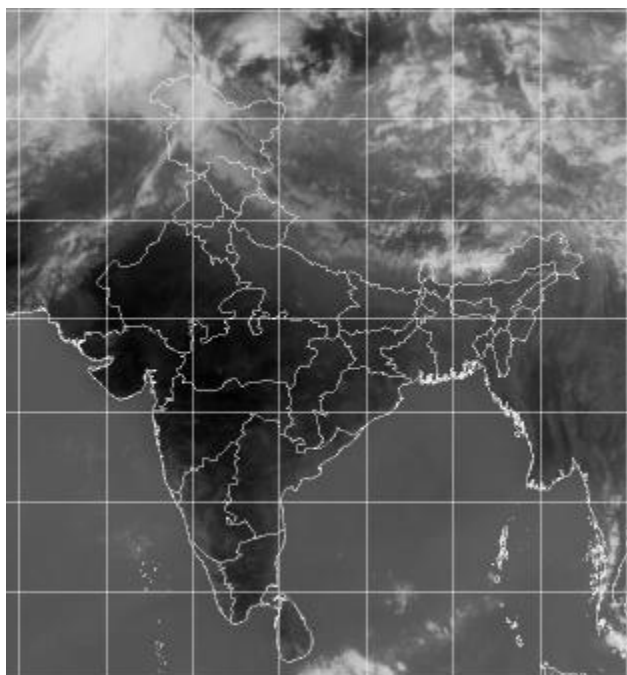
BUY NCDEX- May Guar Gum above 5050 with target of 5100 then 5125 Stop loss near 5025.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	28.03.07	27.03.07	Change
Guar Seed	Bikaner	1890	1885	+5
	Jodhpur	2015	2000	+15
	Nokha	1865	1860	+5
	Sriganganagar			
Guar Gum	Jodhpur	4950	4900	+50

SATELLITE PICTURE OF MONSOON PROGRESS (28.03.07)



Monsoon Features (28.03.07)

- ✓ According to Numerical Weather Prediction models, a fresh western disturbance is likely to affect western Himalayan region and adjoining plains of Punjab and north Haryana on 31st March & 1st April.
- ✓ The prevailing day temperatures are near normal over Indo-Gangetic plains & east India and 2-3°C above normal over the remaining parts of the country.
- ✓ With the likely approach of western disturbance and weakening of the northwesterly winds, both day and night temperatures are likely to increase by 2-4°C over northwest India during next 2-3 days.

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

- ✓ Scattered precipitation likely over Jammu & Kashmir and isolated over Himachal Pradesh, Uttaranchal, Punjab and north Haryana.
- ✓ Fall in day temperatures over northwest India.

Source: IMD (GOI)

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