

GUAR DAILY

March 28th, 2007

SPOT MARKETS:

Guar spot market witnessed firm sentiment during the Tuesday's trade. The prices of both guar seed and guar gum quoted on the stronger side on good domestic as well as overseas demand. Trade sources reported that the overseas demand mainly from China increasing day-by-day at Jodhpur mandi. Consequently millers too remain active in the market and stockists were seen releasing their stocks at higher price level. Thus, improved domestic as well as overseas demand is likely to boost the prices in coming days. However, due to the closing of financial year miller's activity may remain subdued in the market. Further, arrivals at the Bikaner market stood at 200 bags while in Nokha it stood at 500 bags. Total arrivals at the majority of markets stood at 4000-6000 bags a day.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active April contract opened firm at Rs 1988/qrt, up by Rs. 7 against the previous close of Rs. 1981/qrt and traded upwards initially testing a high of Rs. 2004. However, selling pressure at higher level pushed the futures to trade downwards and settled in the negative side. April contract moved in the range of Rs. 1977-2004/qrt, while the guar gum April contract moved in the range of Rs. 4832-4935/qrt.

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. Improved overseas demand
5. Lower stock with Pakistan
6. Good demand from millers and restricted selling from stockists.

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 weakness in the market. Long upper shadow indicating sellers dominated the market at higher price levels. Stochastic is in neutral region and moving downwards. The % K line to make bearish crossover with % D line, indicating weak sentiments at medium term. MACD is in positive region and moving down. Closing price is above both the 9 days and 18 days EMA. Market is expected to trade bearish following a steady to weak opening.

OUTLOOK:

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

NCDEX Guar Seed May Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed May.	1990	2000	2034	2055	2065
Guar Gum May.	4860	4885	4956	5020	5040

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- May Guar Seed below 2040 with target of 2015 then 2000 Stop loss near 2052.

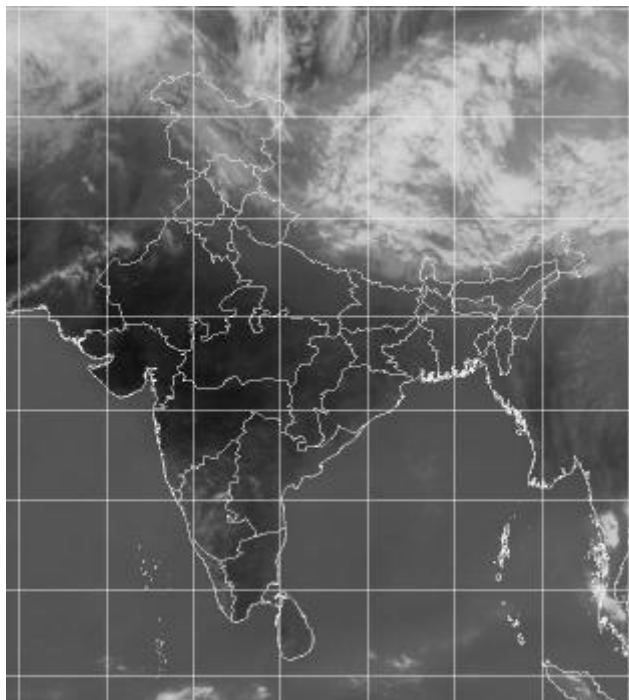
SELL NCDEX- May Guar Gum below 4985 with target of 4925 then 4895 Stop loss near 5015.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.03.07	26.03.07	Change
Guar Seed	Bikaner	1885	1875	+10
	Jodhpur	2000	1950	+50
	Nokha	1860	1850	+10
	Sriganganagar			
Guar Gum	Jodhpur	4900	4820	+80

SATELLITE PICTURE OF MONSOON PROGRESS (27.03.07)



Monsoon Features (27.03.07)

- ✓ A fresh western disturbance is likely to affect Jammu & Kashmir region from 30th onwards. Under its influence fresh spell of light rainfall/snowfall activity is likely to commence over the region on 30th. Subsequently this activity is likely to intensify and spread over adjoining Himachal Pradesh and Uttaranchal.
- ✓ With the decrease in the strength of northwesterly winds, both day and night temperatures are likely to show an increasing trend over north India next 3-4 days.

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

- ✓ Scattered rain/snow likely over Jammu & Kashmir and isolated over Himachal Pradesh and Uttaranchal.

Source: IMD (GOI)

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