

GUAR DAILY

March 24th, 2007

SPOT MARKETS:

Prices of guar seed and guar gum continued to remain firm at the back of good demand from millers and restricted selling from stockists. Arrivals on Friday stood around 5000, a marginal decline of 1000 bags over Thursday. Persistent and improved demand for guar gum has supported guar seed prices to considerable extent. The export demand for guar seeds is almost constant over the years, whereas supply varies largely between years. As per an estimate, export of guar seed during 2006-07 is estimated to be ahead of previous years estimate by around 45%. Weather is of little concern during lean period. India has a relative advantage over gaining export share for guar seeds on account of relatively lower prices quoted by Indian exporters as compared to that quoted by exporters in Pakistan, as it happens to be one of the major competitors of India in guar gum and guar seeds exports.

FUTURES MARKETS:

NCDEX Guar seed futures traded firm. The most active April contract opened up at Rs 1983 per qtl previous closing levels of Rs. 1978/qtl and settled high at Rs 1993 per qtl. April contract moved in the range of Rs. 1978-2008 per qtl. Guar gum futures at NCDEX traded firm. The most active April contract opened up at Rs 4870 per qtl, against the previous close of Rs. 4846 per qtl and settled at Rs 4873 per qtl. April contract moved in the range of Rs. 4846-4919 per qtl.

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. Declining private stock of guar seeds in 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 some strength in market. However, sellers capped some of the early gains. Stochastic is in neutral region and moving upwards following a bullish crossover. MACD is in positive region and rising, which shows continuation of firm tone. Closing price is above both the 9 days and 18 days EMA. Market is expected to trade upwards following a steady to weak opening.

OUTLOOK:

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

NCDEX Guar Seed April Contract:



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| Guar Seed Apr. | 1966 | 1975 | 1993 | 2020 | 2028 |
| Guar Gum Apr. | 4800 | 4825 | 4873 | 4915 | 4950 |

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- April Guar Seed above 1985 with target of 2010 then 2020 **Stop loss** near 1970.

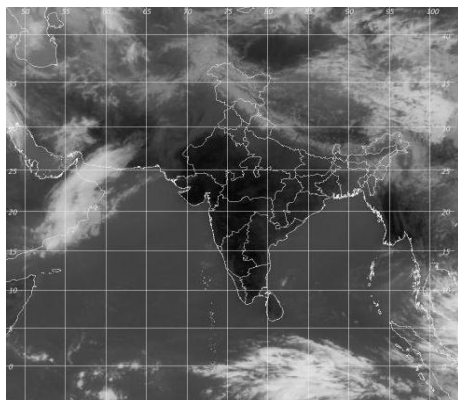
BUY NCDEX- April Guar Gum above 4850 with target of 4900 then 4915 **Stop loss** near 4825.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

| Commodity | Centres | 23.03.07 | 22.03.07 | Change |
|-----------|---------------|----------|----------|--------|
| Guar Seed | Bikaner | 1885 | 1850 | +35 |
| | Jodhpur | 1980 | 1960 | +20 |
| | Nokha | 1765 | 1750 | +15 |
| | Sriganganagar | - | - | - |
| Guar Gum | Jodhpur | 4855 | 4845 | +10 |

SATELLITE PICTURE OF MONSOON PROGRESS (23.03.07)



Monsoon Features (23.03.07)

- The current meteorological analysis suggests that isolated to scattered rain/thundershowers are likely to continue over northeastern States during next 3-4 days. Generally dry weather conditions are likely over remaining parts of the country during the same period.

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

- ✓ Isolated to scattered rain/thundershowers are likely over northeastern States. Generally dry weather conditions are likely over the remaining parts of the country.

Source: IMD (GOI)

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