

GUAR DAILY

March 7th, 2007

SPOT MARKETS:

Guar spot prices ruled firm during the Tuesday's trade. Prices of both guar seed and guar gum quoted on the higher side across most of the markets on improved demand from millers and exporters, while prices eased slightly in Nokha on weak demand. With depleting stock position in Pakistan, overseas demand is gradually picking up in Indian spot market. Though the arrivals stood at unchanged levels, improvement in demand from millers spurred the prices to some extent. Arrivals at the Bikaner mandi stood steady at 250-300 bags and 200 bags in Nokha. Overall arrivals reportedly stood at 10000-11000 bags. The prices are expected to improve in coming days due improved overseas as well as domestic demand.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiment with bullish tone. The most active April contract opened weak by Rs. 5 at Rs. 1877 against the previous close of Rs. 1882. However, futures traded upwards on increased buying interest and tested a high of Rs. 1932 and finally settled in the positive territory. April contract moved in the range of Rs. 1932-1877 per qtl, while the March contract moved in the range of Rs. 1888-1840 per qtl. Guar gum April contract fluctuated in the range of Rs. 4769-4606/qtl, while March contract moved in the range of Rs. 4675-4516/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. 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 bullish market. Stochastic has made a bullish crossover in neutral region and moving upwards. MACD is in negative region and moving slightly upwards. Closing price is above both the 9 days and 18 days EMA, which indicates firmness in prices. Market is expected to trade upwards following a steady to slightly weak opening.

OUTLOOK:

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

NCDEX Guar Seed April Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Apr.	1880	1894	1918	1954	1963
Guar Gum Apr.	4637	4668	4730	4829	4845

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- April Guar Seed above 1910 with target of 1935 then 1947 Stop loss near 1895.

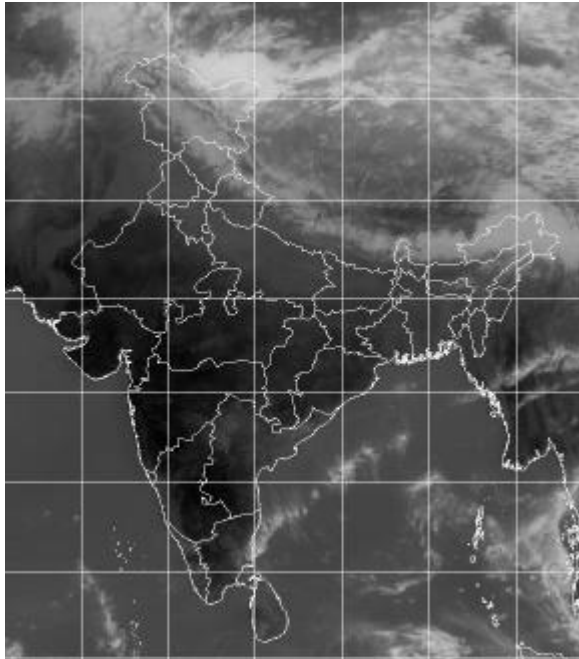
BUY NCDEX- April Guar Gum above 4700 with target of 4750 then 4775 Stop loss near 4675.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	06.03.07	05.03.07	Change
Guar Seed	Bikaner	1765	1740	+25
	Jodhpur	1900	1880	+20
	Nokha	1715	1735	-20
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4600	4550	+50

SATELLITE PICTURE OF MONSOON PROGRESS (06.03.07)



Monsoon Outlook (06.03.07)

- The Numerical Weather Prediction models suggest that a fresh western disturbance is likely to cause scattered precipitation over Western Himalayan region commencing from 8th night. Isolated to scattered precipitation is also likely over Uttaranchal, Punjab, Haryana and north Rajasthan on 9th and 10th.
- Moderate to strong northwesterly winds are likely to prevail at lower tropospheric levels over Indo-Gangetic plains during next 24 hours and weaken thereafter. Consequently, night temperatures are likely to rise over the above region from tomorrow.

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

- Scattered precipitation activity is likely to continue over western Himalayan region and adjoining plains of northwest India.

Source: IMD (GOI)

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