

GUAR DAILY

March 19th, 2007

SPOT MARKETS:

Guar seed prices softened amidst inactive trading during weekend. Arrivals and demand from millers stood steady. Prices for guar gum in Jodhpur too followed up the suit and declined by Rs 50 per qtl as compared to prices on Friday. Total arrivals on Friday stood at previous levels. Around 200-400 arrived in Bikaner Mandi. Total arrivals in India stood around 3000-4000 bags. The world market for guar gum is expanding at the rate of 25 to 30% per annum and India too hopes to find a good share in the world market for the days to come. Since 85% of the guar gum produced in the country is exported, chances of guar gum prices to firm are likely, at the back of lean period and restricted selling of guar seeds by stockists.

FUTURES MARKETS:

NCDEX Guar seed futures traded sideways with bearish undertone. The most active April contract opened at Rs 1967 per qtl previous closing levels of Rs. 1964/qtl and settled low at Rs 1956 per qtl. April contract moved in the range of Rs. 1950-1974 per qtl. Guar gum futures at NCDEX traded sideways with slight bearish undertone. The most active April contract opened low at Rs.4825, against the previous close of Rs. 4810 and settled at Rs 4790 per qtl. April contract moved in the range of Rs. 4789-4829 per qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Stockists releasing their stock in limited quantity.
3. Exclusion of VAT on guar in Rajasthan

Bullish:

4. Expectation of higher export order in near future
5. Steady to 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 market sentiments. Stochastic is in neutral region and moving upwards following a bullish crossover. MACD is in positive region and moving flat, which shows possibility of decrease in bearish momentum. 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.	1920	1935	1953	2000	2015
Guar Gum Apr.	4720	4750	4790	4900	4925

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- April Guar Seed above 1948 with target of 1975 then 1990 Stop loss near 1930.

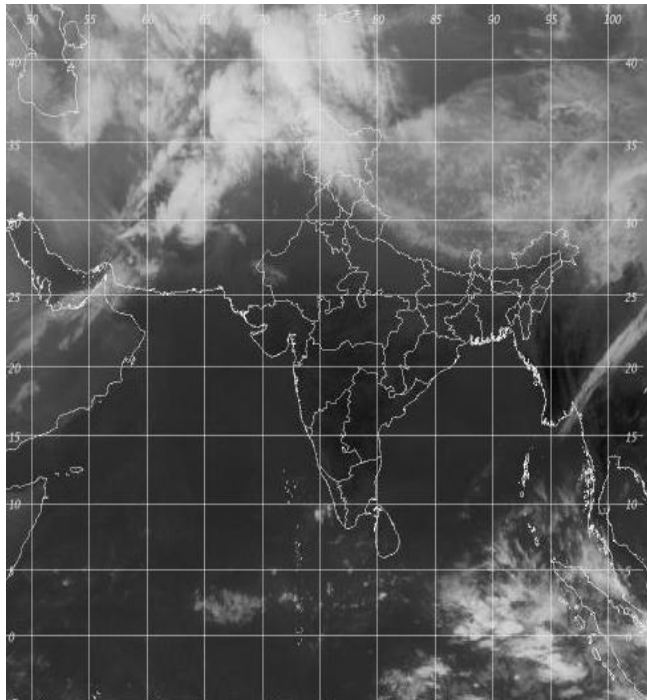
BUY NCDEX- April Guar Gum above 4780 with target of 4830 then 4860 Stop loss near 4750.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	17.03.07	16.03.07	Change
Guar Seed	Bikaner	1830	1840	-10
	Jodhpur	1935	1950	-15
	Nokha	1760	1770	-10
	Sriganganagar	-	-	-
Guar Gum	Jodhpur	4750	4800	-50

SATELLITE PICTURE OF MONSOON PROGRESS (17.03.07)



Monsoon Features (17.03.07)

- Under the influence a western disturbance scattered light to moderate precipitation is likely over Western Himalayan region for the next 4-5 days. Isolated rain/thundershowers is also likely over Punjab, Haryana and Rajasthan on 20th & 21st.
- Cold wave conditions prevailed over isolated pockets of Gangetic West Bengal, Bihar, Jharkhand and Orissa. They are likely to abate during next 48 hrs.

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

- ✓ Scattered to fairly widespread precipitation likely over Western Himalayan region. Isolated rain/thundershowers are also likely over the adjoining plains of Punjab, Haryana and Rajasthan.

Source: IMD (GOI)

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