

GUAR DAILY

March 6th, 2007

SPOT MARKETS:

Guar spot market witnessed firm sentiments during the Monday's trade. The prices of both guar seed and guar gum quoted on stronger side amidst improved demand from millers and exporters against lower arrivals. Market sources reported slight increase from overseas demand for guar gum at Jodhpur market that supported the prices at lower levels. Millers too remained active in the market adding support on prices. Arrival at the Bikaner mandi declined slightly and it was noted at 250-300 bags, while in Nokha they stood at 200 bags. Overall arrivals declined from 11000 to 9000 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 weak sentiment with bearish undertone. The most active April contract opened firm by Rs. 8 at Rs. 1899 against the previous close of Rs. 1891 and traded upwards initially and tested a high of Rs. 1904. However, selling pressure at higher level pushed the futures to trade downwards and settled in the negative region. April contract moved in the range of Rs. 1904-1876 per qtl, while the March contract moved in the range of Rs. 1862-1840 per qtl. Guar gum April contract fluctuated in the range of Rs. 4650-4600/qtl, while March contract moved in the range of Rs. 4560-4490/qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Higher stock level in the market
3. Stockists releasing their stock
4. Exclusion of VAT on guar in Rajasthan

Bullish:

5. Expectation of higher export order in near future
6. Some demand from millers & exporters

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 bearish market. Stochastic is in normal region and moving downwards towards oversold region. MACD is in negative region and moving downwards. Closing price is below both the 9 days and 18 days EMA, which indicates weakness in prices. Market is expected to trade downwards following a steady to slightly weak opening.

OUTLOOK:

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

NCDEX Guar Seed April Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Apr.	1840	1846	1876	1919	1926
Guar Gum Apr.	4500	4520	4605	4675	4700

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- April Guar Seed below 1882 with target of 1862 then 1852 Stop loss near 1893.

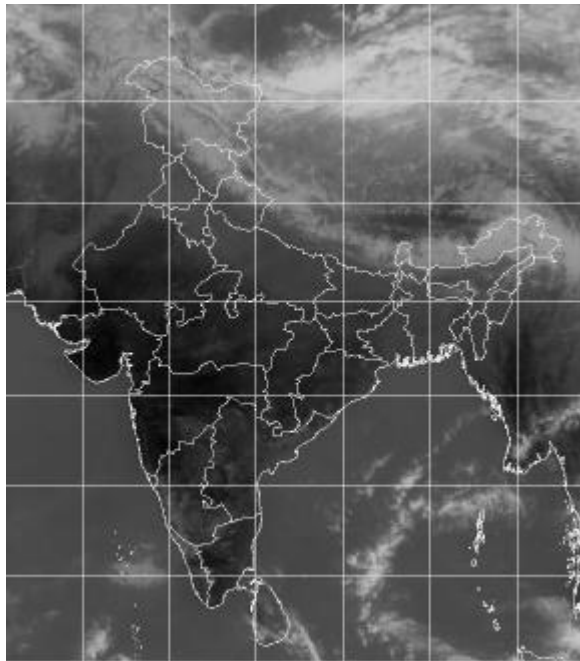
SELL NCDEX- April Guar Gum below 4614 with target of 4569 then 4549 Stop loss near 4637.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	05.03.07	03.03.07	Change
Guar Seed	Bikaner	1740	NA	-
	Jodhpur	1880	1865	+15
	Nokha	1735	NA	-
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4550	4540	+10

SATELLITE PICTURE OF MONSOON PROGRESS (05.03.07)



Monsoon Outlook (05.03.07)

- Numerical Weather Prediction models suggest that most parts of Indo-Gangetic plains are likely to experience moderate to strong northwesterly winds during next 2-3 days. Consequently, night temperatures are likely to exhibit a falling trend over the above region during the same period.
- Isolated to scattered rain/thundershower activity is likely over northeastern States during next 2-3 days.

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

- A fresh western disturbance is likely to affect western Himalayan region.
- Decrease in rainfall activity over northeastern States.

Source: IMD (GOI)

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