

GUAR SEED and GUAR GUM

January 14, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Guar Physical Market: Bearish Despite Lower Arrival
- Guar Futures: Lower on Increased Selling Pressure

TECHNICAL ANALYSIS

Commodity: **Guar Seed**
Perspective: Very Short Term
NCDEX January Contract



Chart Indicators:

Candlesticks: Slightly bearish, steady to weak opening
MACD: Bearish, moving downwards
Stochastic: Moderately bearish, %K-line entered oversold region
Overall: Moderately bearish

Market Outlook:

The guar seed futures are expected to trade moderately downwards following a steady to weak opening initially and upwards thereafter. Trade with intraday outlook.

Supports & Resistances - Guar Seed:

Contract	Supp 1	Supp 2	Res 1	Res 2
Jan.	1674	1663	1697	1709
Feb.	1710	1702	1734	1742

Intraday Trade Recommendations:

Buy January Guar Seed near 1680 with **target** of 1695, then 1705. **Stop loss** at 1672.

Do not carry forward the position until the next day.

Commodity: **Guar Gum**
Perspective: Very Short Term
NCDEX January Contract



Chart Indicators:

Candlesticks: Slightly bearish, steady to weak opening
MACD: Bearish, moving downwards
Stochastic: Moderately bearish, moving downwards oversold region
Overall: Moderately bearish

Market Outlook:

The guar gum futures are likely to trade moderately downwards following a weak opening initially and upwards thereafter. Trade with intraday outlook.

Supports & Resistances - Guar Gum:

Contract	Supp 1	Supp 2	Res 1	Res 2
Jan.	4316	4300	4380	4400
Feb.	4437	4421	4486	4504

Intraday Trade Recommendations:

Buy January Guar Gum near 4340 with **target** of 4370, then 4390. **Stop loss** at 4325.

Do not carry forward the position until the next day.

FUNDAMENTAL ANALYSIS

SALIENT POINTS OF THE DAY

Guar seed and gum futures finished with losses on moderate selling pressure amidst low volume trade.

Arrivals at the major markets reported to be slightly lower at around 18000-19000 bags.

Prices are likely to move moderately downwards following a steady to weak opening initially and upwards thereafter.

MARKET COMMENTARY

GUAR SEED:

The guar seed futures at the NCDEX witnessed range bound upward trade following a slightly weak opening at the early hours of trade. However, moderate selling pressure at the higher prices pressurised the futures and the futures settled with losses in final action. The January future traded in the range of 1678.00-1700.00. At the spot markets also guar seed was quoted marginally lower at Rs 1760 per quintal in Jodhpur market at the evening session of trade. At the Bikaner market it was available at a lower price of 1650 per quintal, while at the Nokha market it was traded at a lower price of Rs 1570 per quintal. At the Sriganganagar market it was offered at a lower price of Rs 1565 per quintal, while at the Shiwani market it was quoted lower at Rs 1610 per quintal on Friday.

GUAR GUM:

The guar gum futures at the NCDEX witnessed a range bound upward trade after a marginally firm opening initially. However, the futures finished down on moderate selling pressure. The January future traded in the range of 4332.00-4388.00. At the spot markets guar gum was quoted steady at Rs 4450-4475 per quintal in Jodhpur market at the evening session of trade.

PHYSICAL MARKET SENTIMENTS:

The guar physical markets witnessed a bearish sentiment as against Thursday. The price of guar as well as guar gum was quoted higher at the morning session of trade. However, buyers were able to pull down the prices particularly incase of guar gum to a lower level. The traders reported that activity was higher at the lower price levels incase of guar gum. The arrivals at the major physical markets are reported to be slightly lower at around 18000-19000 bags. Despite a lower arrival, the weak sentiment in the futures market has dampened the physical market sentiments. The continuous downtrend in the guar gum future prices are a result of traders not willing to take delivery, with the NCDEX having a good stock of guar gum at 27707 MT till 7th January, 2006. However, traders are expecting a quick recovery in prices of guar at the physical markets.

Under such situations, the prices of guar seed as well as guar gum are expected to move moderately downwards following a steady to weak opening initially and upwards thereafter.

Guar Prices at Major Markets in Rajasthan/Haryana

(Rs./quintal)

Commodity	Centres	13.01.06	12.01.06	Change
Guar Seed	Bikaner	1650	1660	-10
	Jodhpur-B line	1760	1765	-5
	Jodhpur-M line	1735	1740	-5
	Nokha	1570	1580	-10
	Sriganganagar	1565	1570	-5
	Shiwani	1610	1625	-15
Guar Gum	Jodhpur	4450-4475	4450-4475	-

BIKANER GUAR VAYDA

Guar Prices at Bikaner Vayda

Contract	Prev. Close	Open	Close	Change
Jan.	332.00	333.10	330.80	-1.20
Mar.	347.90	348.50	346.00	-1.90

Price Movements at Bikaner Vayda

The Bikaner vayda remained bearish following a firm opening. The futures traded mostly side-ways, but turned downwards on late selling pressure. The January as well as March future finished lower near to the day's low in final action.

WEATHER HIGHLIGHTS (13-01-06)

NORTH:

Isolated to scattered rain /snow is likely to commence over Jammu & Kashmir and Himachal Pradesh from tomorrow which may subsequently increase and extend into Uttaranchal. Isolated to scattered rain/thundershowers likely over Punjab and Haryana from 15th. Weather will be mainly dry over the rest region.

WEST:

Isolated rain/thundershowers likely over north Rajasthan from 15th. Weather will be mainly dry over the region.

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