

## GUAR DAILY

December 01<sup>st</sup>, 2006

### GUAR

#### SPOT MARKETS:

Guar continued down at domestic market on the bearish tone at futures market. The export scenario is sluggish so far as Pakistan is offering guar at lower price as compare to India. However, India contributes around 80 per cent in the world's total guar production. After the end of Pakistan's stocks the export demand will be rising from India. Rising demand from export side as well as stockists interest of buying would support the sentiments at coming future. The total out put of guar is expected to be higher from the previous year production. In the year of 2005-06, India exported Rs 1,067 crore worth of guar gum, which is expected to touch Rs 1,200 crore in 2006-07. In the current year the stocks of mill owners are reported to be very low so far, as they really can't afford to the current price levels. The arrivals are reportedly steady at about 45,000-50,000 bags a day.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX is traded downward following a weak opening. Increased selling pressure slid down the futures and settled at negative territory with some losses. At the NCDEX, Guar Seed December contract traded in the range of Rs. 2006-2046 per qtl, while the most active January contract moved in the range of Rs. 2044-2093 per qtl. Guar Gum December contract traded in the range of Rs. 5051-5188 per qtl, while the most active January contract moved in the range of Rs. 5200-5308 per qtl.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of higher production as compared to previous year
2. Bearish tone at futures market

##### Bullish:

3. Farmers unwillingness to release their stocks at lower price levels
4. Good stockists demand amidst steady arrivals
5. Anticipation of higher export in the coming days

#### WEATHER IMPACT:

Guar harvesting is almost completed in major guar producing belts.

#### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	30.11.06	29.11.06	Change
Guar Seed	Bikaner	1920	1930	-10
	Jodhpur	2000	2000	-
	Nokha	1820	1830	-10
	Sriganganagar	1820	1840	-20
Guar Gum	Jodhpur	5200	5200	-

#### TECHNICALS:

Candlestick pattern is hinting bearish sentiments. Sellers mainly dominated the market at higher price levels. The stochastic is in normal region and moving sharply downwards. The %K line has made bearish crossover with the %D line. MACD is in positive territory and moving downwards. Prices closed below 9-day and 18-day EMA. Indicating weak tone.

#### OUTLOOK:

Guar seed futures are likely to move slightly upwards initially following a firm opening and some downwards movement thereafter.

#### NCDEX Guar Seed January Contract:



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2010	2024	2059	2080	2100
Guar Gum Jan.	5120	5151	5221	5290	5325

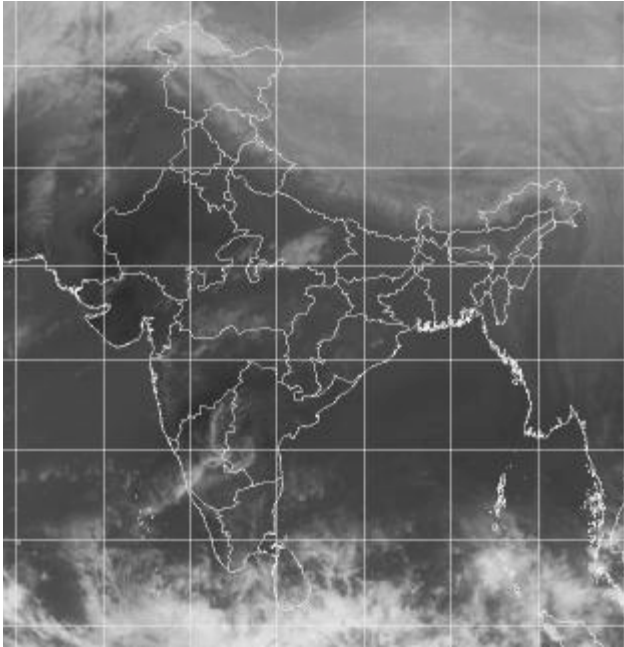
#### INTRADAY TRADE RECOMMENDATION:

**SELL** NCDEX- January Guar Seed below 2075 with target of 2050 then 2038 Stop loss above 2090.

**SELL** NCDEX- January Guar Gum below 5260 with target of 5200 then 5170 Stop loss above 5290.

Do not carry forward the position until the next day.

## SATELLITE PICTURE OF MONSOON PROGRESS (30.11.06)



### Monsoon Outlook (30.11.06)

- Under the influence of an approaching western disturbance, snowfall activity is likely to commence over Western Himalayan region from 3rd onwards.
- Day and night temperatures are 2-3 °C below normal over the Indo-Gangetic plains. Night temperatures are likely to increase over plains of northwest India from 2nd onwards. Rain/thundershowers is also likely over plains of northwest India during 4th to 6th.
- Lowest night temperature in the plains of the country was 3.4°C recorded at Adampur in Punjab.

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

- Widespread snowfall activity with isolated heavy falls is likely over Western Himalayan region. Scattered rain/thundershower is also likely over the plains of northwest India.
- Increase in night temperature and decrease in day temperatures likely over northwest India.

**Source:** GOI (IMD)

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