

## GUAR DAILY

November 27<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

Guar sentiments remain steady at the physical market on the context of steady demand supply demand. The arrival is reportedly 45,000-50,000 bags in all over India. The almost sideways tone at futures market is also underpinning the physical market sentiments. The stockists are actively purchasing guar at the present price levels. Speculation of higher prices in the coming futures motivated them to increase their stock position. The current price levels in different major markets of guar are higher as against the corresponding period of the last year. Export demand is remained steady so far but likely to increase in the coming days. Farmers are very cautious about releasing their stocks. They are looking forward for sharply bullish tone at coming future.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX traded down initially following a firm opening. However, increased buying interest at lower levels recovered the futures thereafter and settled near previous closing with marginal gains. At the NCDEX, Guar Seed December contract traded in the range of Rs. 2087-2113 per qtl, while the most active January contract moved in the range of Rs. 2137-2165 per qtl. Guar Gum December contract traded in the range of Rs. 5308-5359 per qtl, while the most active January contract moved in the range of Rs. 5430-5487 per qtl.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of higher production as compared to previous year
2. Selling interest at higher price levels at futures market

##### Bullish:

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

#### WEATHER IMPACT:

Harvesting of Guar crop in Rajasthan, Haryana and Gujarat is in peak progress. Weather is mostly conducive for the harvest in the guar growing belts.

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

Commodity	Centres	25.11.06	24.11.06	Change
Guar Seed	Bikaner	2000	2000	-
	Jodhpur	2060-2075	2075	-
	Nokha	1870-1880	1870-1880	-
	Sriganganagar	1920	1920	-
Guar Gum	Jodhpur	5300	5300	-

#### TECHNICALS:

Candlestick pattern is hinting somewhat firm sentiments. Buyers mainly dominated the market at lower price levels. The stochastic is in overbought region and moving slightly downwards. MACD is in positive territory and moving upwards. Prices closed much above 9-day and 18-day EMA. Indicating sideways tone.

#### OUTLOOK:

Guar seed futures are likely to move upwards initially following a firm opening with possibility of late downwards movement on some technical correction.

#### NCDEX Guar Seed January Contract:



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2120	2130	2157	2180	2192
Guar Gum Jan.	5390	5415	5460	5520	5540

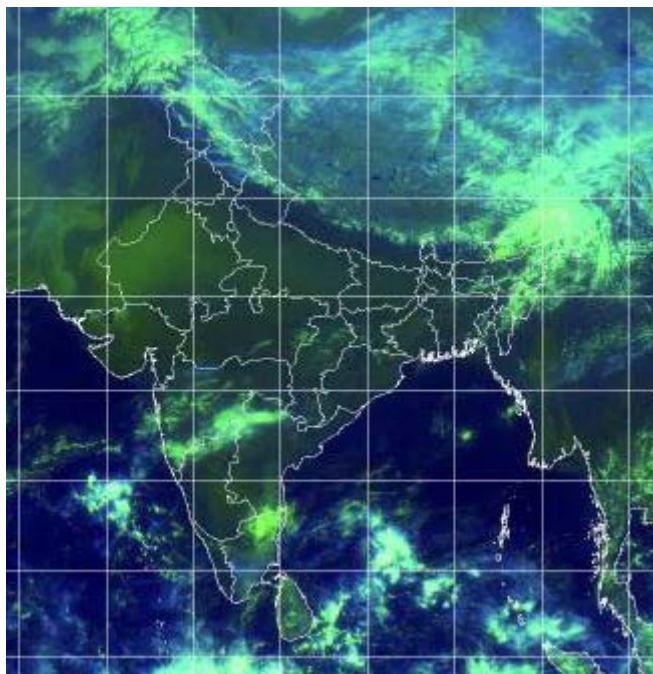
#### INTRADAY TRADE RECOMMENDATION:

**BUY** NCDEX- January Guar Seed above 2145 with target of 2165 then 2175 **Stop loss** below 2135.

**BUY** NCDEX- January Guar Gum above 5430 with target of 5490 then 5520 **Stop loss** below 5400.

**Do not carry forward the position until the next day.**

## SATELLITE PICTURE OF MONSOON PROGRESS (25.11.06)



### Monsoon Outlook (25.11.06)

- Night temperatures have fallen by 3-4°C over northwest India and adjoining central India. They have become near normal over some parts of the plains of northwest India but are still above normal by 2-4°C over remaining parts of northwest and adjoining central India.
- Current meteorological analysis suggest they will fall further by 2-3°C over north & central India thus becoming normal over the region during next 1-2 days. Night temperatures are also likely to fall over parts of East India.
- Subdued rainfall activity is likely to continue over south Peninsula during next 3-4 days.

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

- Fall in the night temperature over East India and Maharashtra.
- Subdued rainfall activity likely to continue over south Peninsula.
- Mainly dry weather likely to continue over northwest India.

Source: GOI (IMD)

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