

GUAR DAILY

November 30th, 2006

GUAR

SPOT MARKETS:

Guar traded some lower prices at the physical markets on the advice of sharply southwards tone of futures market. Futures trading in guar seed and guar gum is under close scrutiny as Commerce Ministry has received complaints on widespread speculation in guar seed and guar gum which has made Indian guar gum uncompetitive in the global markets. The rumours related to ban of guar futures from the prominent exchanges of the country makes the traders confused. The arrivals are reportedly steady at about 45,000-50,000 bags a day. The export demand is steady but likely to increase in the coming future on the sharply declining stocks of Pakistan. This might support the sentiments in the coming days. However, the lower demand is witnessing from millers as well as textile industries so far. But the demand will emerge, as the industry will start purchasing.

FUTURES MARKETS:

Guar seed futures at the NCDEX is traded sharply downward on profit taking following a weak opening. The rumour related to ban of guar futures from the futures trading makes the investors confused. The profit booking activities slid down the Guar seed January contract by Rs.105 per qtl.. At the NCDEX, Guar Seed December contract traded in the range of Rs. 2015-2100 per qtl, while the most active January contract moved in the range of Rs. 2053-2152 per qtl... Guar Gum December contract traded in the range of Rs. 5101-5280 per qtl, while the most active January contract moved in the range of Rs. 5228-5400 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production as compared to previous year
2. The confusion of traders about the rumour of guar trading ban in 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

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	29.11.06	28.11.06	Change
Guar Seed	Bikaner	1930	1980	-50
	Jodhpur	2000	2060	-60
	Nokha	1830	1900	-70
	Sriganganagar	1840	1900	-60
Guar Gum	Jodhpur	5200	5300-5350	-150

TECHNICALS:

Candlestick pattern is hinting bearish sentiments. Sellers mainly dominated the market throughout the day. 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 downwards following a weak opening.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2010	2024	2071	2101	2120
Guar Gum Jan.	5111	5148	5242	5307	5338

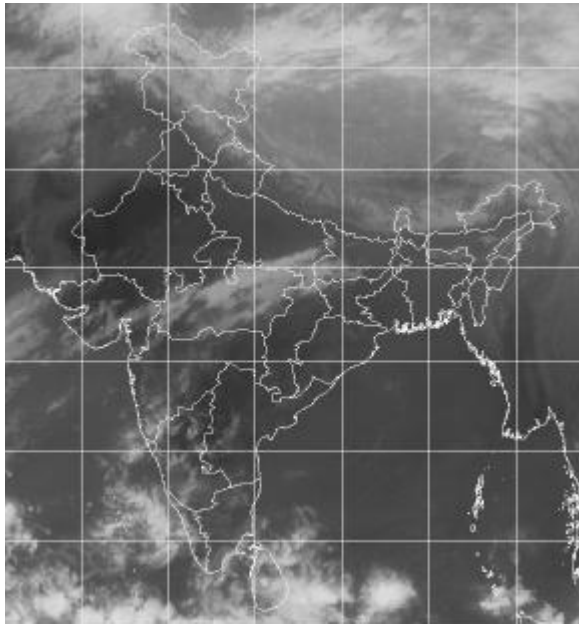
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- January Guar Seed below 2085 with target of 2060 then 2048 Stop loss above 2100.

SELL NCDEX- January Guar Gum below 5280 with target of 5220 then 5190 Stop loss above 5310.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (29.11.06)



Monsoon Outlook (29.11.06)

- Day and night temperatures are 2-3 °C below normal over the Indo-Gangetic plains. However over the central India day temperatures are 3-4 °C above normal and night temperatures are 4-6 °C above normal. No significant change is expected in temperature scenario during next 48 hours.
- Lowest night temperature in the plains of the country was 4.8°C recorded at Ludhiana in Punjab.
- Under the influence of an approaching western disturbance, northwest India is likely to experience a wet spell from 3rd to 6th December. Isolated heavy snowfall is also likely over Western Himalayan region during the same period.

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

- Widespread snowfall activity is likely over Western Himalayan region. Scattered rain/thundershower is also likely over the plains of northwest India.
- Increase in night temperature is likely over northwest India.

Source: GOI (IMD)

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