

## GUAR DAILY

November 22<sup>nd</sup>, 2006

### GUAR

#### SPOT MARKETS:

Guar spot market remains steady to somewhat weak on good demand amidst steady arrivals. The arrival is reportedly steady about 50,000 bags in all over India. The bearish tone at futures market at the early session pressurized the spot market tone. The traders are closely monitoring the futures market sentiments to decide their next strategy. However, everybody related to guar trading are optimistic about the tight sentiment of guar. According to the traders in Rajasthan the total production in the current year is likely to lower from the previous expectation. The stockists are the active buyers. Millers make themselves at sidelines, as they really can't afford to the price levels. The farmers are interested in releasing their stocks at higher price levels.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX traded with downward tone initially following a firm opening. However, at lower levels buyers got activated and recovered the futures from the early weakness. Finally the futures settled red. At the NCDEX, Guar Seed December contract traded in the range of Rs. 1985-2017 per qtl, while the most active January contract moved in the range of Rs. 2029-2066 per qtl. Guar Gum December contract traded in the range of Rs. 5060-5150 per qtl, while the most active January contract moved in the range of Rs. 5150-5270 per qtl.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of higher production as compared to previous year
2. Selling pressure at higher levels 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 lower production from early expectation

#### 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.

#### TECHNICALS:

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

#### OUTLOOK:

Guar seed is likely to move upwards following a steady to weak opening with possibility of late downwards movement.

#### NCDEX Guar Seed January Contract:



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2020	2030	2052	2075	2090
Guar Gum Jan.	5140	5177	5233	5286	5300

#### INTRADAY TRADE RECOMMENDATION:

**BUY** NCDEX- January Guar Seed above 2040 with target of 2065 then 2078 Stop loss at 2025.

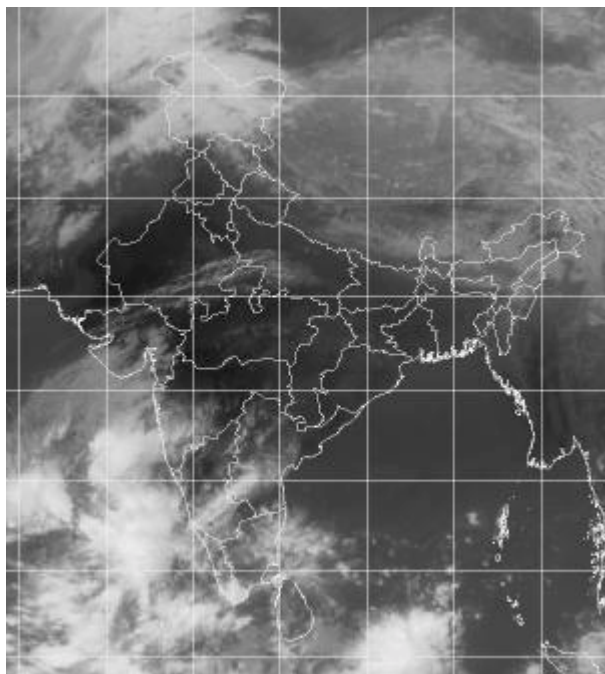
**BUY** NCDEX- January Guar Gum above 5200 with target of 5260 then 5290 Stop loss at 5170.

Do not carry forward the position until the next day.

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

Commodity	Centres	21.11.06	20.11.06	Change
Guar Seed	Bikaner	1900-1910	1910	-
	Jodhpur	1950-1975	1975-2000	-
	Nokha	1840-1850	1850	-
	Sriganganagar	1840-1850	1840-1850	-
Guar Gum	Jodhpur	5100-5150	5150	-

## SATELLITE PICTURE OF MONSOON PROGRESS (21.11.06)



### Monsoon Outlook (21.11.06)

- Night temperatures are continuing to prevail between 14-16 °C over plains of northwest and adjoining central India. The meteorological analysis suggests that no significant change in night temperatures is likely over these regions during next 48 hours. However, the temperatures are likely to fall by 2-3 °C from 23rd onwards.
- A western disturbance as an upper air system lies over north Pakistan and adjoining Jammu & Kashmir. It is likely to cause scattered rain/snow over Western Himalayan region during next 48 hours. Isolated rain/thundershowers are also likely over Punjab during 22nd and 23rd.
- Under the influence of a trough of low pressure area and an embedded upper air circulation, centered over southeast and adjoining east central Arabian Sea, fairly widespread rainfall is likely over Lakshadweep, Kerala, Coastal Karnataka and south Konkan & Goa during next 1-2 days and decrease thereafter.

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

- Further decrease in night temperatures over plains of northwest India.
- Scattered rainfall activity is likely over extreme south peninsula.

Source: GOI (IMD)

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