

## GUAR DAILY

December 13<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

The guar prices restricted at previous days' range on the bearish nature of futures market. Increased selling interest among the investors at futures market has restricted the buyers' activities at spot market. Moreover, the steady arrivals at lower side amidst steady demand did not give the scope to flourish the market northwards. The arrival is reportedly near about 25000-30000 bags in all over India. Stockists remain the active buyers in the market and they are more interested to increase their stock position to get more profit in the off-season. Millers' buying are improved somewhat. However, lower quotation of Pakistan's guar gum export price as against India is still pressurizing the guar market sentiments here. However, sharply decreasing stocks of guar in Pakistan might be increasing the scope of export from India in near future.

#### FUTURES MARKETS:

NCDEX Guar seed futures observed range bound trade with bearish undertone. The most active January contract open firm at Rs. 2064. However, increased selling pressure at higher levels has slid down the market and settled red. January contract moved in the range of Rs. 2074-2034 per qtl, while the December contract moved in the range of Rs. 2030-1996 per qtl. Guar gum December contract traded in the range of Rs. 5042-5125, while the January contract fluctuated in the range of 5165-5258 per qtl.

#### PRICE DRIVERS:

##### Bearish:

1. Expectation of higher production as compared to previous year
2. Poor demand at higher price levels
3. Pakistan's export prices remain lower as against India

##### Bullish:

4. Millers demand improved somewhat
5. Good stockists demand amidst steady arrivals
6. Expectation of higher export in the coming days

#### WEATHER IMPACT:

Guar harvesting is almost completed in major guar producing belts, and therefore, weather is not a concern at the moment.

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

Commodity	Centres	12.12.06	11.12.06	Change
Guar Seed	Bikaner	1930	1920	-10
	Jodhpur	2030	2030-2040	-
	Nokha	1913	1900	+13
	Sriganganagar	1913	1910	+3
Guar Gum	Jodhpur	5252	5200-5252	-

#### TECHNICALS:

Candlestick pattern is indicates bearish sentiment. Stochastic is normal territory and moving slightly upwards. The %Kline has made bearish crossover with %D line. MACD is in negative territory and moving downwards, indicating weak tone at medium term. Prices closed below 9-day and 18-day EMA.

#### OUTLOOK:

Guar seed futures are expected to trade slightly downwards initially following a steady to weak opening and upward movement thereafter.

#### NCDEX Guar Seed January Contract:



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	1990	2010	2037	2070	2081
Guar Gum Jan.	5070	5100	5172	5270	5300

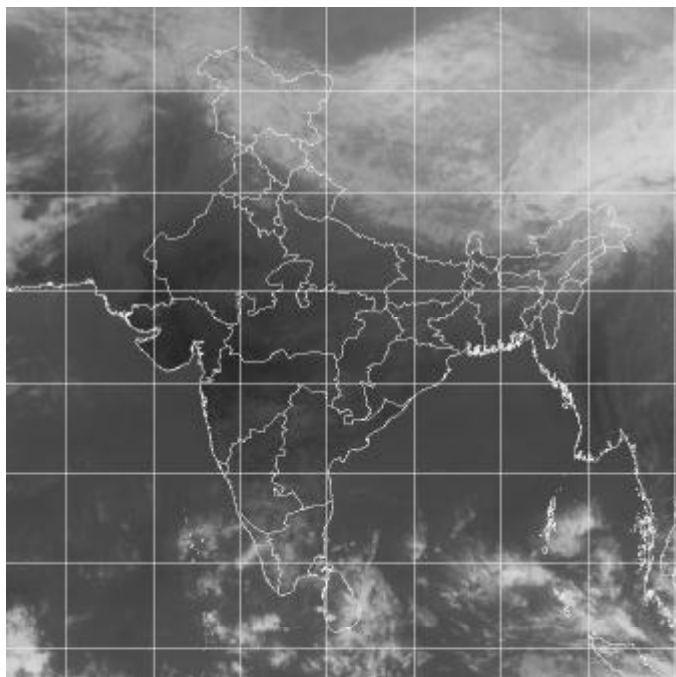
#### INTRADAY TRADE RECOMMENDATION:

**BUY** NCDEX- January Guar Seed above 2020 with target of 2045 then 2060 **Stop loss** below 2005.

**BUY** NCDEX- January Guar Gum above 5130 with target of 5190 then 5220 **Stop loss** below 5100.

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

## SATELLITE PICTURE OF MONSOON PROGRESS (12.12.06)



## Monsoon Outlook (12.12.06)

- Under the influence of northerly/northwesterly winds prevailing at lower levels, night temperatures are likely to fall by 3-5 °C over plains of northwest India, Gangetic plains and adjoining central & east India during next 2-3 days. The cold wave conditions are likely over plains of northwest India and adjoining Gangetic plains during same period.
- Ground frost is also likely over some parts of Punjab, Haryana and north Rajasthan where night temperatures are likely to become 4°C or less during next 3 days.
- Lowest night temperature in the plains of the country was 2.6°C recorded at Adampur in Punjab

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

- A feeble western disturbance is likely to affect western Himalayan region.

**Source:** GOI (IMD)

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