

GUAR DAILY

December 11th, 2006

GUAR

SPOT MARKETS:

Guar sentiments remained mostly weak on some fresh arrivals. The continued speculative selling at futures market has mainly pressurized the spot market tone. The arrival is reportedly 25000 bags in all over India during Saturday. The active buyers are the stockiest. They are more interested to increase their stock position to get more profit in the off-season. The speculation of higher prices in the coming months mostly playing a vital role in the minds of stockists as well as big export houses. Millers remained inactive at this price levels. 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. Millers have been waiting for the increase in guar gum price levels.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed almost bearish trade following a weak opening at Rs. 2031 for January contract. The futures tumbled sharply at most of the session but recovered thereafter on profit booking at lower level. The Guar Seed December contract traded in the range of Rs. 1970-2094 per qtl, while the most active January contract moved in the range of Rs. 2010-2039 per qtl. The guar gum December contract traded in the range of Rs. 4991-5060, while the January contract fluctuated in the range of 5110-5180. Finally the futures settled at negative territory with losses.

PRICE DRIVERS:

Bearish:

1. Expectation of higher production as compared to previous year
2. Poor demand at higher price levels

Bullish:

3. Lack of sellers at lower price level
4. Good stockists demand amidst steady arrivals
5. 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.

TECHNICALS:

Candlestick pattern is indicating bearish sentiment. The stochastic is in oversold region and moving downwards. MACD is in negative territory and moving downwards. Prices closed far below 9-day and 18-day EMA. Indicating bearish tone as medium term.

OUTLOOK:

Guar seed futures are expected to remain down following a steady to firm opening.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	1985	2005	2026	2040	2055
Guar Gum Jan.	5075	5105	5148	5180	5225

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- January Guar Seed below 2035 with target of 2010 then 1995 Stop loss above 2050.

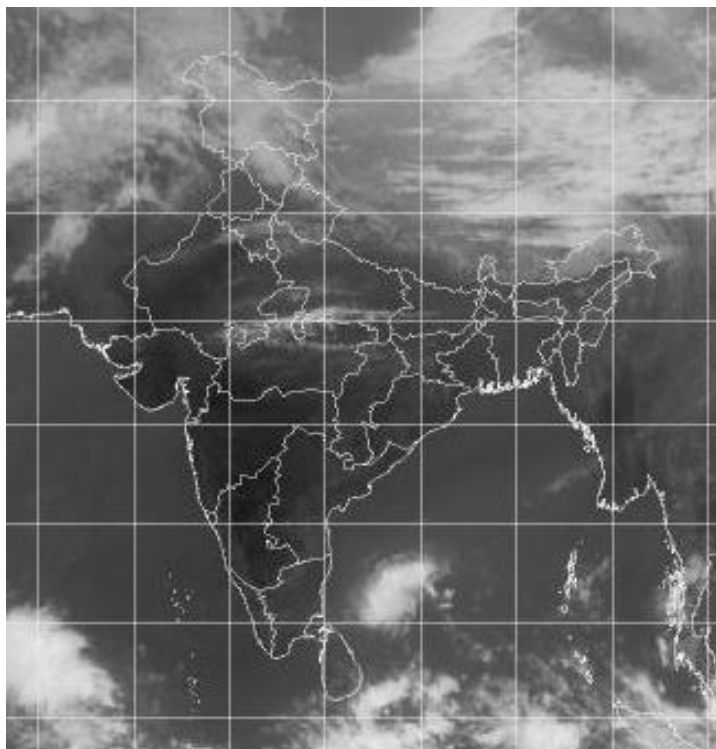
SELL NCDEX- January Guar Gum below 5170 with target of 5120 then 5100 Stop loss above 5200.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	09.12.06	08.12.06	Change
Guar Seed	Bikaner	1880	1900	-20
	Jodhpur	2020	2000	+20
	Nokha	1851	1892	-41
	Sriganganagar	1880	1900	-20
Guar Gum	Jodhpur	5000	5100	-100

SATELLITE PICTURE OF MONSOON PROGRESS (09.12.06)



Monsoon Outlook (09.12.06)

- Yesterday's low pressure area over southeast Bay of Bengal now lies over southwest Bay of Bengal. Under its influence scattered to fairly widespread rainfall is likely over south Peninsula during next 3 days.
- Night temperatures have fallen by 2-3°C over northwest India during past 24 hours. However, with the approach of a western disturbance the night temperature are likely to increase by 2-3° C during next 48 hours. Scattered rain/snowfall activity is likely over western Himalayan region during the same period.

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

- Decrease in rainfall activity over south peninsula.
- Fall in day & night temperature over northwest, central and east India..

Source: GOI (IMD)

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