

GUAR DAILY

December 15th, 2006

GUAR

SPOT MARKETS:

Spot market prices of guar recovered from early weakness in the most of the major trading centers. Miller's activity increased in the market, while stockists increasing their stock position, as they wanted to earn handsome profit in the off-season. Higher prices of guar gum motivated millers to increase their stock position. Improved demand amidst steady to weak arrivals is mainly underpinning the market sentiments. Moreover, sharply bullish tone at futures market has increased the buyers' activity at spot. The traders are optimistic about firm tone in physical market. The arrival is noted reportedly at about 25000-30000 bags in all over India. However, lower quotation of Pakistan's guar gum export price as against India is still pressurizing the guar market sentiments here.

FUTURES MARKETS:

NCDEX Guar seed futures witnessed bullish sentiments. The most active January contract opened firm at Rs. 2031. Increased buying interest lifted the futures and settled in the positive territory. Volume of the trade increased significantly while open interest declined during the today's trade. January contract moved in the range of Rs. 2103-2027 per qtl while the December contract moved in the range of Rs. 2065-1991 per qtl by the end of the trading session. Guar gum December contract traded in the range of Rs. 52105-5080, while the January contract fluctuated in the range of 5319-5154 per qtl.

PRICE DRIVERS:

Bearish:

1. Expectation of higher production as compared to previous year
2. Pakistan's export prices remain lower as against India

Bullish:

3. Millers demand improved somewhat
4. Improve demand amidst steady to weak 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.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	14.12.06	13.12.06	Change
Guar Seed	Bikaner	1960	1900	+60
	Jodhpur	2050	2000	+50
	Nokha	1924	1887	+37
	Sriganganagar	1925	1898	+27
Guar Gum	Jodhpur	5408	5135	+273

TECHNICALS:

Candlestick pattern is indicates bullish sentiment. Buyers mainly dominated the market. Stochastic is in normal region and moving upwards. The %K line has made bullish crossover with %Dline, indicating tight sentiments at medium term. MACD is in negative territory and moving upwards. Prices closed above 9-day and 18-day EMA., indicating bullish sentiments.

OUTLOOK:

Guar seed futures are expected to trade upwards following a steady to firm opening with possibility of late downwards movement on profit taking.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2060	2070	2096	2135	2150
Guar Gum Jan.	5227	5250	5305	5400	5430

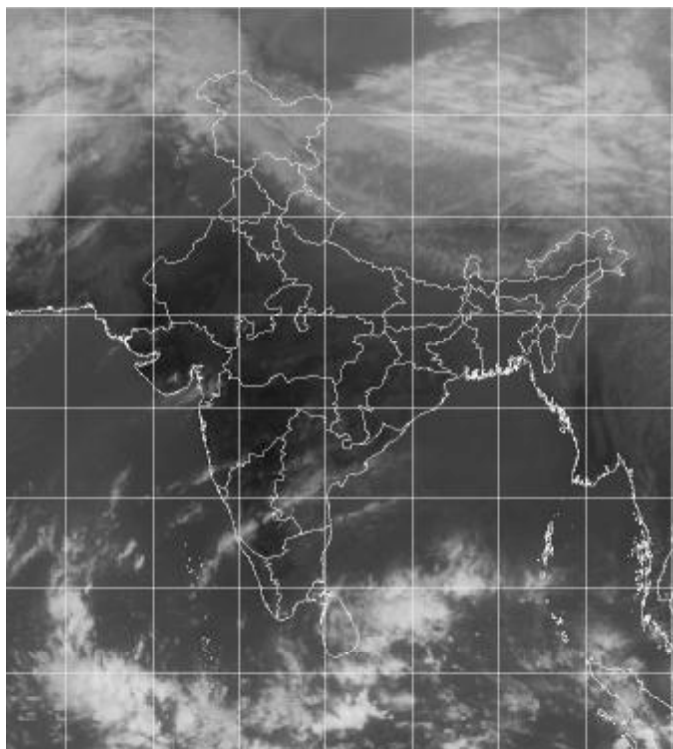
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2085 with target of 2110 then 2122 Stop loss below 2070.

BUY NCDEX- January Guar Gum above 5280 with target of 5340 then 5370 Stop loss below 5250.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (14.12.06)



Monsoon Outlook (14.12.06)

- Under the influence of northerly/northwesterly winds, night temperatures have fallen by 1-2 °C over eastern India and Gangetic plains during past 24 hours. They are likely to fall further by 1-2 °C during next 1-2 days over the same region. Night temperatures are likely to near normal over plains of northwest India during next 2-3 days.
- Lowest night temperature in the plains of the country was 1.6°C recorded at Adampur in Punjab.

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

- With an approach of a fresh western disturbance night temperatures are likely to rise by 2-3 °C over plains of northwest India.

Source: GOI (IMD)

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