

GUAR DAILY

December 12th, 2006

GUAR

SPOT MARKETS:

Guar prices improved somewhat mainly on the advice of futures market. Increased buying interest among the investors at futures market has mainly supported the spot market tone. The arrival is reportedly near about 30000 bags in all over India. Stockists remain the active buyers. They are more interested to increase their stock position to get more profit in the off-season. Millers' buying are improved somewhat. The Ministry of Commerce has been promoting the involvement of the Export Promotion Councils regarding the expansion of guar seed production as well as guar gum export. India's export of Guar gum for 2005-06 was Rs.1050 crore and the target for 2006-07 is Rs.1275 crore. However, lower quotation of Pakistan's guar gum export price as against India is still pressurizing the guar market sentiments here.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed slightly bearish trade initially following a firm opening. However, increased buying support at lower levels recovered the futures and traded upwards thereafter. The futures settled higher near day's high in final action. The Guar Seed December contract traded in the range of Rs. 1975-2019 per qtl, while the most active January contract moved in the range of Rs. 2022-2076 per qtl. Guar gum December contract traded in the range of Rs. 5011-5101, while the January contract fluctuated in the range of 5120-5245 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	11.12.06	09.12.06	Change
Guar Seed	Bikaner	1920	1880	+40
	Jodhpur	2030-2040	2020	+20
	Nokha	1900	1851	+49
	Sriganganagar	1910	1880	+30
Guar Gum	Jodhpur	5200-5250	5100	+150

TECHNICALS:

Candlestick pattern is indicating firm sentiment. The stochastic is in normal region and moving upwards. The %Kline has made bullish crossover with %D line. MACD is in negative territory and moving slightly upwards. Prices closed below 9-day and 18-day EMA. Indicating bullish tone.

OUTLOOK:

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

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2025	2040	2062	2095	2105
Guar Gum Jan.	5120	5155	5227	5300	5322

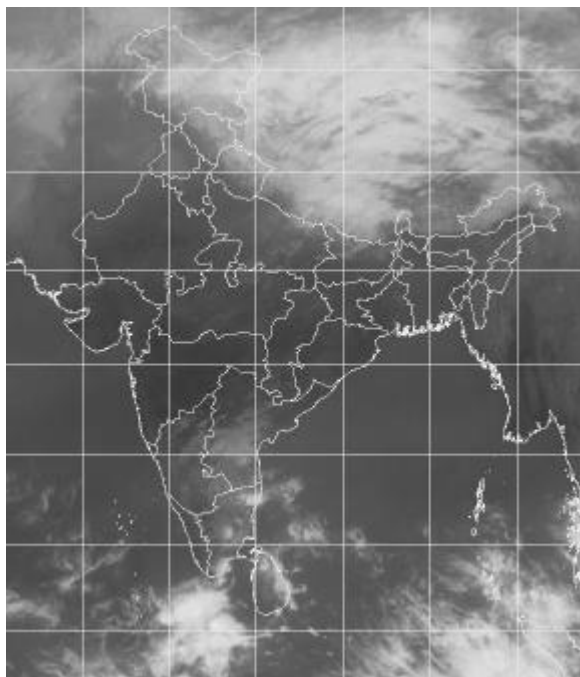
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2056 with target of 2081 then 2094 **Stop loss** below 2040.

BUY NCDEX- January Guar Gum above 5190 with target of 5250 then 5280 **Stop loss** below 5160.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (10.12.06)



Monsoon Outlook (10.12.06)

- Under the influence of a western disturbance scattered rain/snowfall activity is likely to occur over western Himalayan region during next 36 hours. Isolated rain/thundershowers is also likely to occur over plains of northwest India during the same period.
- Cold wave conditions are prevailing over some parts of southwest Rajasthan and likely to extend into more parts of Rajasthan with eastward movement of the present western disturbance.
- Night temperatures are likely to fall by 2-4°C over northwest India and cold wave conditions are likely to develop over some parts of northwest India from 12th onwards.
- Lowest night temperature in the plains of the country was 5.6°C recorded at Sirsa in Haryana.
- Under the influence of an easterly wave scattered to fairly widespread rain is likely over south peninsular India during next 48 hours.

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

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

Source: GOI (IMD)

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