

## GUAR DAILY

December 04<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

Guar sentiment remained steady on lackluster trading activities at futures market. The good demand amidst steady arrivals is also underpinning the tone. The arrivals are reportedly steady to 30,000-35,000 bags in all over India. Traders are closely monitoring the futures market for taking further decision. The export scenario is sluggish so far as Pakistan is offering guar at lower price as compare to India. However, India contributes around 80 per cent in the world's total guar production. After the end of Pakistan's stocks the export demand will be rising from India. Rising demand from export side as well as stockists interest of buying would support the sentiments at coming future. The total out put of guar is expected to be higher from the previous year production. In the year of 2005-06, India exported Rs 1,067 crore worth of guar gum, which is expected to touch Rs 1,200 crore in 2006-07. 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.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX remains bullish at the early hours following a firm opening. However, increased profit taking at higher levels capped the advances thereafter. Finally the futures settled at negative territory with marginal losses. At the NCDEX, Guar Seed December contract traded in the range of Rs. 2076-2108 per qtl, while the most active January contract moved in the range of Rs. 2125-2154 per qtl. Guar Gum December contract traded in the range of Rs. 5251-5320 per qtl, while the most active January contract moved in the range of Rs. 5373-5449 per qtl.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of higher production as compared to previous year
2. Lackluster trading at futures market

##### Bullish:

3. Farmers unwillingness to release their stocks at lower price levels
4. Good stockists demand amidst decreasing arrivals
5. Anticipation of higher export in the coming days

#### WEATHER IMPACT:

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

Commodity	Centres	02.12..06	01.12..06	Change
Guar Seed	Bikaner	1970-1980	1980	-
	Jodhpur	2050-2070	2050-2070	-
	Nokha	1920	1910-1920	-
	Sriganganagar	1900-1910	1910	-
Guar Gum	Jodhpur	5356	5356	-

#### TECHNICALS:

Candlestick pattern is hinting indecisive market sentiments. The stochastic is in normal region and moving slightly upwards. The %K line is likely to cross %D line from the below. MACD is in positive territory and moving slightly upwards. Prices closed above 9-day and 18-day EMA. Indicating sideways tone.

#### OUTLOOK:

Guar seed futures are likely to move 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	2103	2131	2175	2185
Guar Gum Jan.	5300	5324	5392	5492	5530

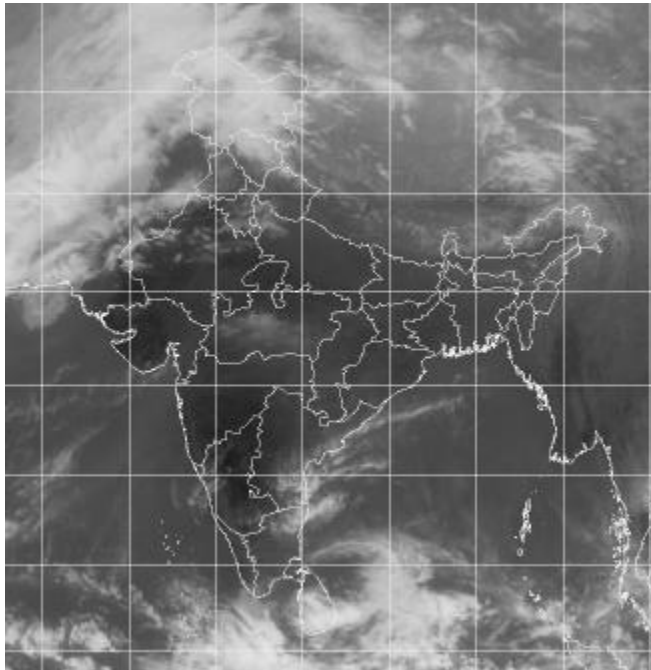
#### INTRADAY TRADE RECOMMENDATION:

**BUY** NCDEX- January Guar Seed above 2115 with target of 2140 then 2152 Stop loss below 2100.

**BUY** NCDEX- January Guar Gum above 5350 with target of 5410 then 5440 Stop loss below 5320.

Do not carry forward the position until the next day.

## SATELLITE PICTURE OF MONSOON PROGRESS (02.12.06)



### Monsoon Outlook (02.12.06)

- Numerical weather models suggest that northwest India is likely to be affected by a western disturbance during the period 3rd to 6th December, under its influence enhanced snowfall activity with isolated heavy falls is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal commencing from 3rd. Plains of northwest India are also likely to experience scattered rain/thundershower activity from 4th onwards.
- Day temperatures are likely to fall whereas night temperatures are likely to increase over northwest India during the above period
- Lowest night temperature in the plains of the country was 4.0°C recorded at Adampur in Punjab.

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

- Fairly widespread snowfall activity with isolated heavy falls is likely over Western Himalayan region. Scattered rain/thundershowers also likely over the plains of northwest India.

**Source:** GOI (IMD)

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