

GUAR DAILY

December 22nd, 2006

GUAR

SPOT MARKETS:

Spot market prices of guar seed and guar gum declined in the major trading centers. Bearish trade at futures market limited the spot market activity. Buyers are looking for further lower prices. Arrivals reportedly down around 25000-30000 bags in all over India, as the farmers are not interested to sell immediately at lower prices. However, millers kept themselves at sidelines due to lower prices of guar gum. Stockiest are looking for increasing their stock position to earn maximum profit in the off-season. Globally importers are importing guar gum from Pakistan because Pakistan is quoting comparatively lower prices from India. However, in near future India will have the opportunity to export guar gum because the Pakistan's stock decreasing day by day and India's contribution is almost 70 per cent in the area of guar gum export in Global market.

FUTURES MARKETS:

Guar seed futures at NCDEX witnessed weak sentiment with bearish undertone. Most active February contract opened weak at Rs. 2085 and increased selling pressure at higher level pushed the futures to trade downwards and finally settled in the negative territory during the Thursday's trading session. February contract moved in the range of Rs. 2094-2053 per qtl, while the January contract moved in the range of Rs. 2050-2017 per qtl during the end of today's trade. Guar gum January contract traded in the range of Rs. 5135-5015, while the February contract fluctuated in the range of 5250-5120 per qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Pakistan's export prices remain lower as against India

Bullish:

3. Farmers are unwilling to sell at lower price levels
4. Expectation of higher export in the coming days
5. Arrivals is likely to decrease 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	21.12.06	20.12.06	Change
Guar Seed	Bikaner	1890	1925	-35
	Jodhpur	2020	2025	-5
	Nokha	1875	1903	-28
	Sriganganagar	1851	1890	-39
Guar Gum	Jodhpur	5148	5304	-156

TECHNICALS:

Candlestick pattern indicates weak sentiment and reflects that sellers are dominated the market. Stochastic is in normal region and moving downwards. The %K line has made bearish crossover with %D line. MACD is in negative territory and moving downwards. Prices closed below 9-day and 18-day EMA, indicating weak sentiments.

OUTLOOK:

Guar seed futures are expected to trade downwards following a steady to weak opening with possibility of slight late upwards movement.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Feb.	2017	2030	2054	2075	2090
Guar Gum Feb.	5000	5030	5120	5175	5205

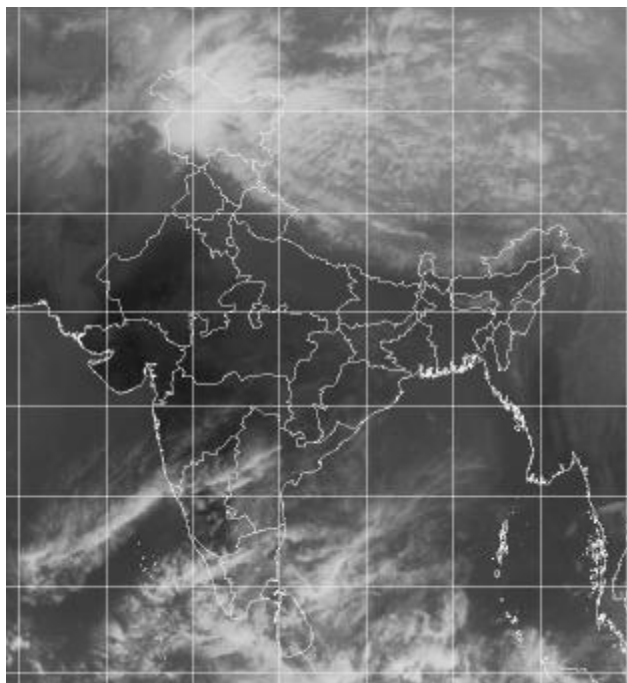
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- February Guar Seed below 2065 with target of 2035 then 2020 Stop loss near 2080.

SELL NCDEX- February Guar Gum below 5150 with target of 5100 then 5075 Stop loss near 5175.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (21.12.06)



Monsoon Outlook (21.12.06)

- Under the influence of western disturbance snowfall has occurred at a few places over Jammu & Kashmir. This activity is likely to continue for next 24 hours and decrease thereafter. Isolated rain/snow is also likely over Himachal Pradesh and Uttaranchal during the same period.
- Under the influence of easterly wave scattered rainfall is likely over extreme south peninsula during next 48 hours.
- The night temperatures have increased by 2-3 °C over Indo-Gangetic plains and adjoining central India during past 24 hours. However night temperatures are likely to fall by 2-3 °C over plains of northwest India from 22nd onwards for next 2 days along with development of fog conditions over these region.
- Lowest night temperature in the plains of the country was 3.2°C recorded at Amritsar in Punjab.

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

- A western disturbance is likely to affect western Himalayan region.
- Rise in night temperatures over plains of northwest India.

Source: GOI (IMD)

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