

## GUAR DAILY

December 20<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

Guar sentiments continued down and mainly following the bearish tone of futures market. Arrivals declined from 30000 bags to 25000 bags in all over India as farmers are not interested to release their stocks at lower price levels. However lower prices of guar motivated the stockiest to remain active in the market and to increase their stock position to earn a handsome profit in the off-season. Millers demand remains steady in the market. Further, Pakistan is quoting lower guar gum export prices as compare to India, which makes the India's export poor so far. However, the stock position of Pakistan is gradually decreasing and in near future India has the good opportunity of export of guar gum.

#### FUTURES MARKETS:

NCDEX Guar seed futures observed narrow range bound trade with bearish undertone. The most active January contract opened weak at Rs. 2046 against the previous close of Rs. 2052. January contract tested a high of Rs. 2053 in the early hours of the trade however; selling pressure pushed the futures to trade southwards during the Tuesday's trading session and finally settled at Rs. 2036. January contract moved in the range of Rs. 2053-2028 per qtl while the December contract moved in the range of Rs. 2012-1991 per qtl. Guar gum December contract traded in the range of Rs. 5050-4968, while the January contract fluctuated in the range of 5169-5106 per qtl.

#### PRICE DRIVERS:

##### Bearish:

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

##### Bullish:

3. Millers demand improved somewhat
4. Expectation of higher export in the coming days
5. Arrivals is likely to decrease at lower price levels 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 indicates weak sentiment and reflects that sellers are dominated the market. Stochastic is in normal region and moving downwards. The %K line has make 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 firm opening with possibility of slight late upwards movement.

#### NCDEX Guar Seed January Contract:



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	1983	1997	2036	2060	2070
Guar Gum Jan.	5020	5048	5123	5170	5200

#### INTRADAY TRADE RECOMMENDATION:

**SELL** NCDEX- January Guar Seed below 2045 with target of 2020 then 2008 Stop loss near 2060.

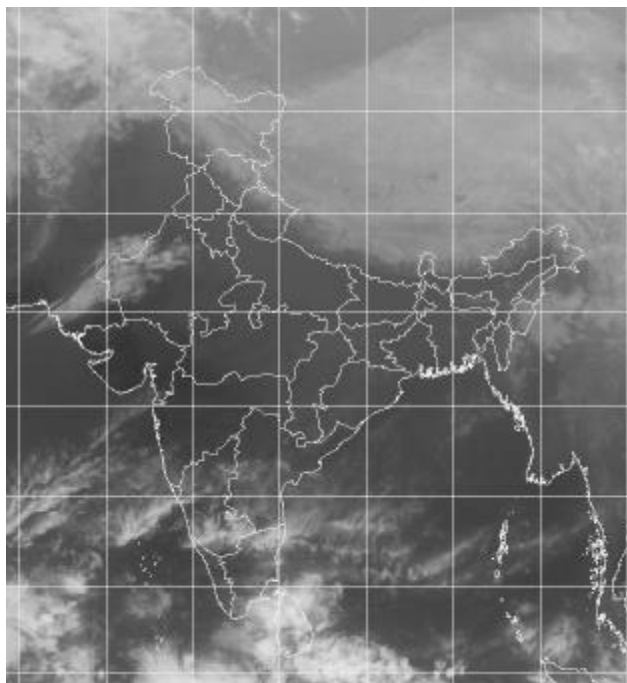
**SELL** NCDEX- January Guar Gum below 5140 with target of 5080 then 5050 Stop loss near 5170.

Do not carry forward the position until the next day.

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

Commodity	Centres	19.12.06	18.12.06	Change
Guar Seed	Bikaner	1900	1940	-40
	Jodhpur	2020	2030	-10
	Nokha	1872	1872	-
	Sriganganagar	1877	1892	-15
Guar Gum	Jodhpur	5304	5330	-26

## SATELLITE PICTURE OF MONSOON PROGRESS (19.12.06)



## Monsoon Outlook (19.12.06)

- Under the influence of approaching western disturbance, scattered snowfall activity is likely over western Himalayan region on 20th & 21st December. Isolated rain/thundershowers are also likely over Punjab during the same period.
- Night temperatures are likely to increase by 2-3 °C over plains of northwest India, Gangetic plains and adjoining central India during next two days and fall thereafter.
- In association with the easterly wave, scattered rain/thundershowers are likely over south peninsula during next 2-3 days.
- Lowest night temperature in the plains of the country was 2.6°C recorded at Ludhiana in Punjab.

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

- Mainly dry weather over western Himalayan region.
- Fall in night temperatures over plains of northwest India and Gangetic plains. Fog conditions are also likely to develop over some parts of these regions.
- Isolated rainfall activity over extreme south peninsula and northeastern States.

**Source:** GOI (IMD)

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd