

GUAR DAILY

December 18th, 2006

GUAR

SPOT MARKETS:

Guar prices remained weak mainly on the bearish tone of futures market. The arrival is reportedly steady at about 25000-30000 bags in all over India. Selling pressure at the futures market make the buyers to remain silent. However, millers demand has improved slightly. Higher prices of guar gum motivated millers to increase their stock position. They are looking for higher guar gum prices besides lower prices of guar seed. This disparity will help them to make profit. Export scenario from India is remained poor so far. Lower quotation of Pakistan's guar gum export price as against India is still pressurizing the guar market sentiments here. The traders are optimistic about firm tone in physical market in coming futures on good export demand because of Pakistan's stocks are decreasing sharply.

FUTURES MARKETS:

NCDEX Guar seed futures observed bearish tone initially. The most active January contract opened weak at Rs. 2074. Increased selling pressure pushed down the futures and tested a low of Rs. 2047. However, the futures recovered from some of the early losses at late hours and settled at Rs. 2064 during the Saturday's trading session. January contract moved in the range of Rs. 2077-2047 per qtl while the December contract moved in the range of Rs. 2036-2010 per qtl by the end of the session. Guar gum December contract traded in the range of Rs. 5125-5031, while the January contract fluctuated in the range of 5260-5180 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.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	16.12.06	15.12.06	Change
Guar Seed	Bikaner	1950	1960	-10
	Jodhpur	2040	2050	-10
	Nokha	1905	1915	-10
	Sriganganagar	1900	1910	-10
Guar Gum	Jodhpur	5356	5330	+26

TECHNICALS:

Candlestick pattern indicates somewhat weak sentiment. However, buyers are dominating the market at lower price levels. Stochastic is in normal region and moving upwards. MACD is in negative territory and moving slightly upwards. Prices closed just below 9-day and 18-day EMA., indicating somewhat bullish sentiments.

OUTLOOK:

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

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2035	2050	2064	2090	2105
Guar Gum Jan.	5150	5170	5218	5300	5325

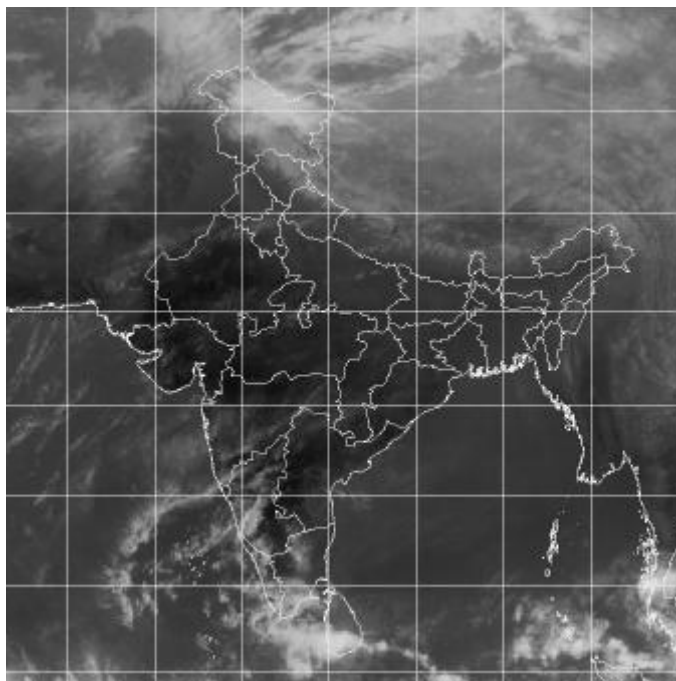
INTRADAY TRADE RECOMMENDATION:

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 5275 **Stop loss** below 5165.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (16.12.06)



Monsoon Outlook (14.12.06)

- No significant change was occurred in night temperature during past 24 hours over plains of northwest India, East India and Gangetic plains. The present scenario is likely to continue during next 1-2 days over same area.
- Lowest night temperature in the plains of the country was 3.4°C recorded at Adampur in Punjab.

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

- A fresh western disturbance is likely to affect western Himalayan region.

Source: GOI (IMD)

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