

GUAR DAILY

December 09th, 2006

GUAR

SPOT MARKETS:

Guar seed prices tumbled down in sympathy with the NCDEX futures market. The demand at the market yards witnessed very sluggish on Friday. The arrival is reportedly steady at 40000-45000 bags in all over India. The Stockists remained inactive. Pakistan is offering guar at lower price as compare to India so export scenario remains sluggish so far in India. Increased sellers activity at the futures is also supported the downward tone. 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. However good buying demand would recover the market from the lower price level.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed almost bearish trade following a slightly firm opening at Rs. 2062 for January contract. The futures traded at higher sides initially but increased speculative selling pressurised the futures and traded some downwards thereafter. The Guar Seed December contract traded in the range of Rs. 1983-2018 per qtl, while the most active January contract moved in the range of Rs. 2027-2069 per qtl. Finally the futures settled at negative territory with losses of Rs. 27 at Rs. 2035 per qtl. The December contract of guar gum traded in the range of Rs. 5025-5079, while the January contract fluctuated in the range of Rs. 5147-5210.

PRICE DRIVERS:

Bearish:

1. Expectation of higher production as compared to previous year
2. Poor demand at higher price levels

Bullish:

3. Lack of sellers at lower price level
4. Good stockists demand amidst steady arrivals
5. Anticipation of higher export in the coming days

WEATHER IMPACT:

Guar harvesting is almost completed in major guar producing belts.

TECHNICALS:

Candlestick pattern is hinting somewhat bearish sentiments. The stochastic is in oversold region and moving downwards. MACD is in negative territory and moving downwards. Prices closed far below 9-day and 18-day EMA. Indicating bearish tone.

OUTLOOK:

Guar seed futures are expected to remain down following a steady to firm opening.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2000	2010	2035	2060	2080
Guar Gum Jan.	5085	5115	5169	5200	5230

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- January Guar Seed below 2050 with target of 2025 then 2015 Stop loss above 2065.

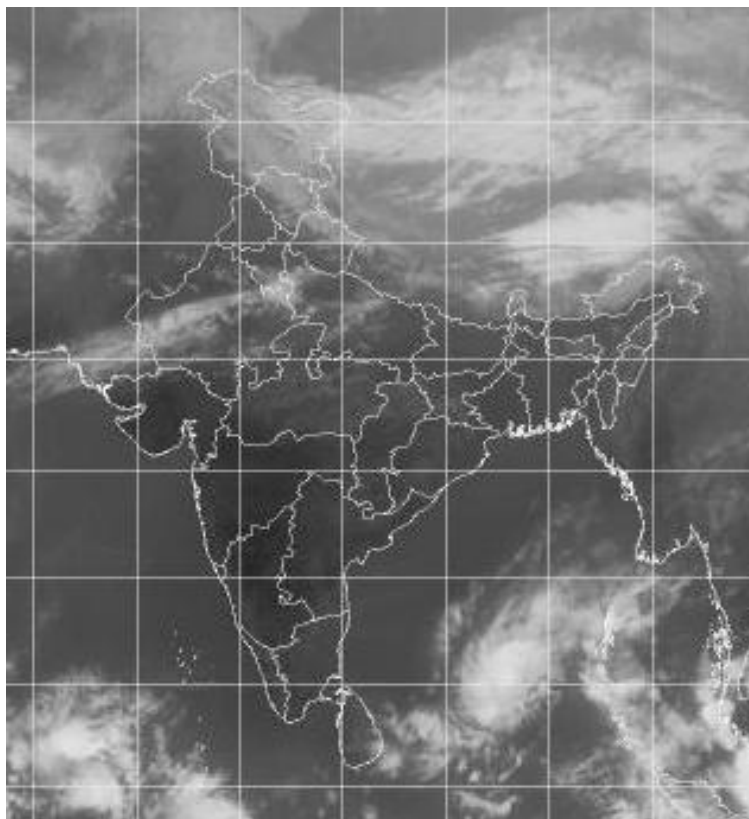
SELL NCDEX- January Guar Gum below 5185 with target of 5145 then 5125 Stop loss above 5210.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	08.12.06	07.12.06	Change
Guar Seed	Bikaner	1900	1900	-
	Jodhpur	2000	1980	+20
	Nokha	1820	1810	+10
	Sriganganagar	1830	1850	-20
Guar Gum	Jodhpur	5100	5100	-50

SATELLITE PICTURE OF MONSOON PROGRESS (08.12.06)



Monsoon Outlook (08.12.06)

- Under the influence of an easterly wave enhanced rainfall activity with isolated heavy fall has occurred over Andaman & Nicobar Islands during past 24 hours. This easterly wave is likely to move westwards and cause scattered rainfall over the south peninsula during 10th to 12th
- As predicted, night temperatures fell by 1-3°C over plains of northwest India during past 24 hours and have become near normal. The current scenario suggests that they are likely to fall further during next 24 hours and increase subsequently on 10th and 11th.
- A fresh western disturbance is likely to affect Western Himalayan region and adjoining northern plains on 10th and 11th. Subsequently both day and night temperatures over northwest and central India are likely to fall considerably from 12th onwards.

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

- Decrease in rainfall activity over south peninsula.
- Fall in day and night temperatures over northwest and central India.

Source: GOI (IMD)

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