

## GUAR DAILY

December 08<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

Guar continued down at domestic market owing to bearish trend at futures market. 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. The arrivals are reportedly steady at about 40,000-45,000 bags a day.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX traded bearish following a weak opening. Increased speculative selling has supported the futures. Finally the futures settled at negative territory with losses though late buying support at lower level boost up the prices at late hours. At the NCDEX, Guar Seed December contract traded in the range of Rs. 1975-2035 per qtl, while the most active January contract moved in the range of Rs. 2018-2077 per qtl. Guar Gum December contract traded in the range of Rs. 5005-5150 per qtl, while the most active January contract moved in the range of Rs. 5117-5268 per qtl.

#### PRICE DRIVERS:

##### Bearish:

1. Expectation of higher production as compared to previous year
2. Bearish trend at futures market

##### Bullish:

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

#### WEATHER IMPACT:

Guar harvesting is almost completed in major guar producing belts.

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

Commodity	Centres	07.12.06	0612.06	Change
Guar Seed	Bikaner	1900	1910-1915	-10
	Jodhpur	1980	2010	-30
	Nokha	1810	1860-1870	-50
	Sriganganagar	1850	1875-1880	-25
Guar Gum	Jodhpur	5100	5150	-50

#### TECHNICALS:

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

#### OUTLOOK:

Guar seed futures are likely to remain up following a steady to firm opening with possibility of late downwards movement.

#### NCDEX Guar Seed January Contract:



#### SUPPORT / RESISTANCES:

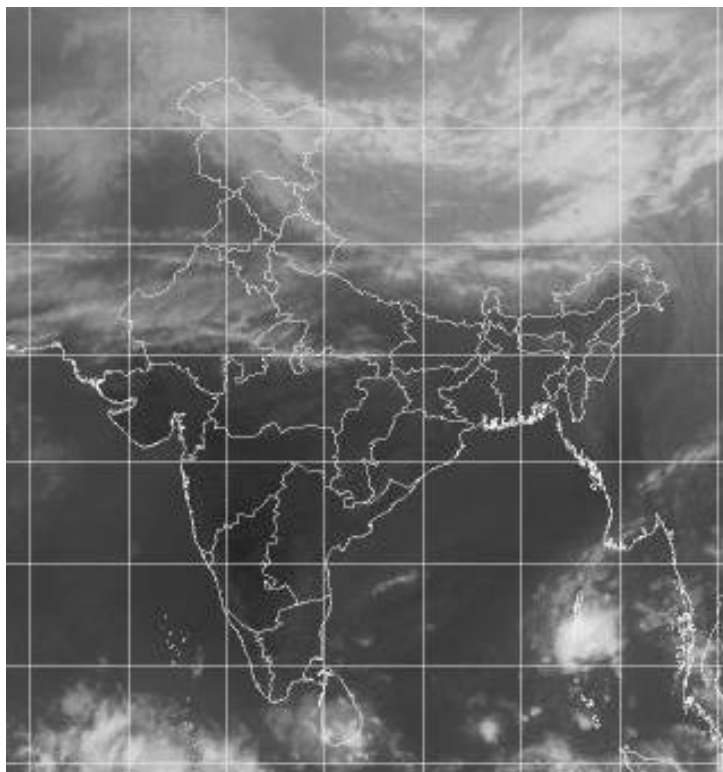
Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2020	2035	2055	2085	2100
Guar Gum Jan.	5130	5165	5207	5285	5325

#### INTRADAY TRADE RECOMMENDATION:

**BUY** NCDEX- January Guar Seed above 2040 with target of 2065 then 2080 **Stop loss** below 2025.

**BUY** NCDEX- January Guar Gum above 5185 with target of 5235 then 5260 **Stop loss** below 5160.

## SATELLITE PICTURE OF MONSOON PROGRESS (07.12.06)



### Monsoon Outlook (07.12.06)

- Scattered light to moderate rain/snow occurred over Jammu & Kashmir during past 24 hours. Rain/snowfall activity is likely to decrease further over the region within next 24 hour due to eastward movement of western disturbance.
- Night temperatures have fallen by 1-3°C over northwest India during past 24 hours. They are still above normal over the region. They are likely to fall further by 1-2° C during next 1-2 days and become near normal.
- Another western disturbance is likely to cause scattered precipitation over Western Himalayan region on 9th and 10th. Isolated rain is also likely over adjoining plains of Punjab and Haryana.
- Rainfall activity is likely to increase over south peninsula around 10th in view of an approaching Easterly Wave.

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

- Fairly widespread rainfall is likely over extreme south peninsula.
- Fall in night temperature over northwest India after 11th.

**Source:** GOI (IMD)

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