

GUAR DAILY

December 07th, 2006

GUAR

SPOT MARKETS:

Guar sentiment is continued weak at the spot markets. The spillover trading at futures market is mainly hindering the spot market tone to move upwards further. Moreover, the bearish tone at futures market has pressurized the spot market sentiments. However, good demand from stockists prevails in the market yards on the context of poor arrivals at the early hour. The daily arrivals decreased to about 40,000 bags as against peak arrivals of 60,000 bags earlier of the last week. Traders are closely monitoring the futures market for taking further decision. The export scenario remains 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.

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. At the NCDEX, Guar Seed December contract traded in the range of Rs. 2015-2092 per qtl, while the most active January contract moved in the range of Rs. 2063-2147 per qtl. Guar Gum December contract traded in the range of Rs. 5100-5310 per qtl, while the most active January contract moved in the range of Rs. 5222-5427 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production as compared to previous year
2. Bearish trading at futures market

Bullish:

3. Farmers unwillingness to release their stocks at lower price levels
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	0612.06	05.12..06	Change
Guar Seed	Bikaner	1910-1915	1960-1980	-45
	Jodhpur	2010	2070	-60
	Nokha	1860-1870	1900	-30
	Sriganganagar	1875-1880	1890-1910	-10
Guar Gum	Jodhpur	5150	5350-5400	-200

TECHNICALS:

Candlestick pattern is hinting somewhat weak sentiments. The stochastic is in normal region and moving downwards after made a bearish cut. MACD is in positive 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 down following a steady to weak opening with possibility of late upward movement.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2018	2035	2064	2090	2115
Guar Gum Jan.	5150	5184	5230	5300	5350

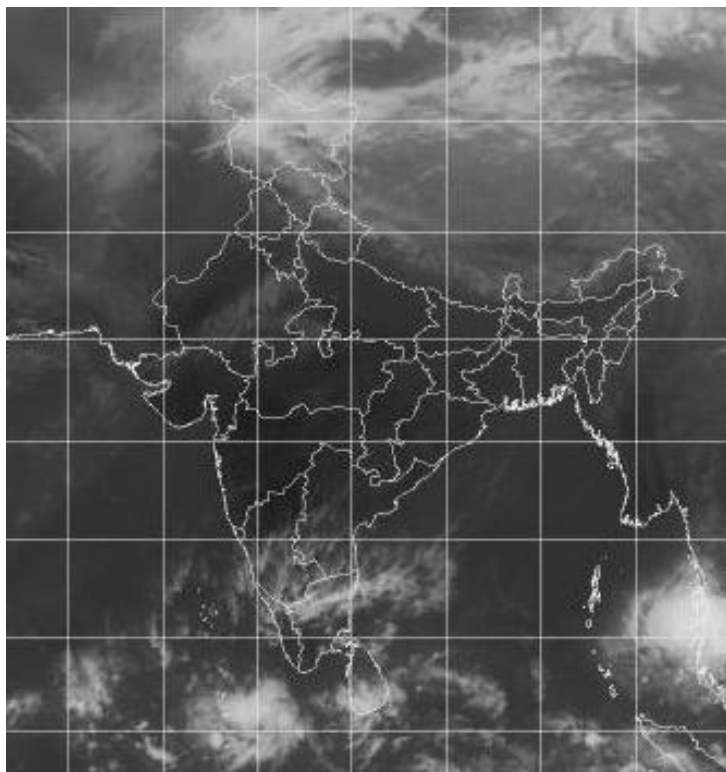
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- January Guar Seed below 2080 with target of 2060 then 2050 Stop loss above 2090.

SELL NCDEX- January Guar Gum below 5270 with target of 5200 then 5180 Stop loss above 5310.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (06.12.06)



Monsoon Outlook (06.12.06)

- Under the influence of western disturbance fairly widespread rain/snow has occurred over Jammu & Kashmir, Himachal Pradesh and Uttaranchal during past 24 hours. Ongoing precipitation activity over the region is likely to decrease significantly during next 24 hours in view of the eastwards movement of the system.
- Night temperatures are 4-6°C above normal over most parts of north and central India. They are likely to fall by 3-4° C during next 2-3 days.
- Fog conditions are also likely to develop over parts of northwest India.

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

- Another western disturbance is likely to affect western Himalayan region.
- Increase in rainfall activity over extreme south peninsula.

Source: GOI (IMD)

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