

GUAR DAILY

December 05th, 2006

GUAR

SPOT MARKETS:

Guar sentiment remained steady at the spot markets. The unseasonal rains in some parts of Rajasthan is restricted the market activity. The good demand of stockists prevails in the market yards on the context of poor arrivals. 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. 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.

FUTURES MARKETS:

Guar seed futures at the NCDEX remains bullish following a weak opening. Increased speculative buying has supported the futures. The activity at the spot market is restricted somewhat due to rainfall. Finally the futures settled at positive territory with some gains. At the NCDEX, Guar Seed December contract traded in the range of Rs. 2068-2110 per qtl, while the most active January contract moved in the range of Rs. 2115-2162 per qtl Guar Gum December contract traded in the range of Rs. 5250-5342 per qtl, while the most active January contract moved in the range of Rs. 5370-5475 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production as compared to previous year

Bullish:

2. Farmers unwillingness to release their stocks at lower price levels
3. Good stockists demand amidst decreasing arrivals
4. Anticipation of higher export in the coming days

WEATHER IMPACT:

Guar harvesting is almost completed in major guar

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.12..06	02.12..06	Change
Guar Seed	Bikaner	1980	1970-1980	-
	Jodhpur	2070	2050-2070	-
	Nokha	1910-1920	1920	-
	Sriganganagar	1910	1900-1910	-
Guar Gum	Jodhpur	5400	5356	+44

TECHNICALS:

Candlestick pattern is hinting somewhat firm sentiments. The stochastic is in normal region and moving upwards. The %K line has made bullish crossover with %D line. MACD is in positive territory and moving slightly upwards. Prices closed above 9-day and 18-day EMA. Indicating sideways tone.

OUTLOOK:

Guar seed futures are likely to move upwards initially following a steady to weak opening and upward movement thereafter.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2100	2116	2145	2175	2190
Guar Gum Jan.	5320	5370	5440	5528	5565

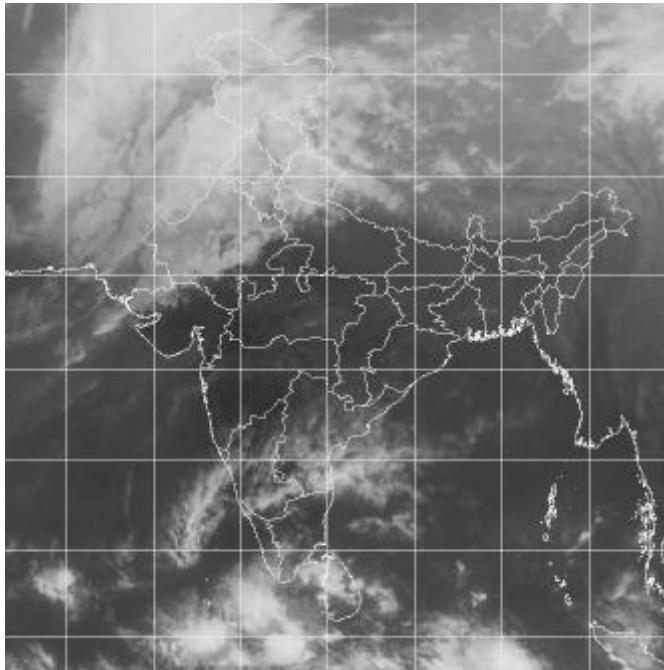
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2135 with target of 2160 then 2172 **Stop loss** below 2120.

BUY NCDEX- January Guar Gum above 5400 with target of 5460 then 5490 **Stop loss** below 5370.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (04.12.06)



Monsoon Outlook (04.12.06)

- As predicted, moderate snowfall has occurred at many places over Jammu & Kashmir and Himachal Pradesh during past 24 hours.
- The western disturbance now lies over Jammu & Kashmir and neighbourhood. The induced upper air cyclonic circulation lies over West Rajasthan and neighbourhood and extends upto 3.1 km a.s.l. with trough aloft. Under their influence, widespread rain/snowfall with isolated heavy falls is likely over western Himalayan region during next 48 hours and gradually decrease thereafter. Scattered rain/thundershowers also likely over plains of northwest India during the same period.
- With the likely northeastwards movement of this Western disturbance, night temperatures are likely to fall by 3-4°C over northwest India from 6th onwards.
- Lowest night temperature in the plains of the country was 7.3°C recorded at Sultanpur in East Uttar Pradesh.

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

- Further decrease in precipitation activity over northwest India. Fall in night temperatures by 3-4°C over the same area.

Source: GOI (IMD)

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