

GUAR DAILY

December 14th, 2006

GUAR

SPOT MARKETS:

Guar spot market prices decline slightly in the major markets mainly on the advice of futures market. The spot market tone is mainly affected due to the increased selling pressure among the investors at futures market. The arrival is reportedly near about 30000 bags in all over India. Stockists remain active in the market, as they are more interested to increase their stock position to earn more profit in the off-season. Millers' activity has improved slightly. However, lower quotation of Pakistan's guar gum export price as against India is still pressurizing the guar market sentiments here.

FUTURES MARKETS:

NCDEX Guar seed futures observed lacklustre trade with bearish undertone. The most active January contract opened weak at Rs. 2036. However, increased selling pressure at higher levels decreases the prices by Rs. 28 in the early session. However, futures recovered slightly by the end of the trading session. Finally the futures settled in negative territory with marginal losses. January contract moved in the range of Rs. 2040-2015 per qtl, while the December contract moved in the range of Rs. 1996-1977 per qtl by the end of the trading session. Guar gum December contract traded in the range of Rs. 5015-5060, while the January contract fluctuated in the range of 5170-5121 per qtl.

PRICE DRIVERS:

Bearish:

1. Expectation of higher production as compared to previous year
2. Poor demand at higher price levels
3. Pakistan's export prices remain lower as against India

Bullish:

4. Millers demand improved somewhat
5. Good stockists demand amidst steady arrivals
6. Expectation of higher export 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.

TECHNICALS:

Candlestick pattern indicates weak sentiment. However, buyers are dominated at lower price levels. Stochastic is moving slightly upwards. MACD is in negative territory and moving slightly downwards indicating weak tone at medium term. Prices closed below 9-day and 18-day EMA.

OUTLOOK:

Guar seed futures are expected to trade slightly downwards 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.	1995	2009	2030	2060	2074
Guar Gum Jan.	5057	5100	5150	5211	5240

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2014 with target of 2040 then 2052 Stop loss below 2000.

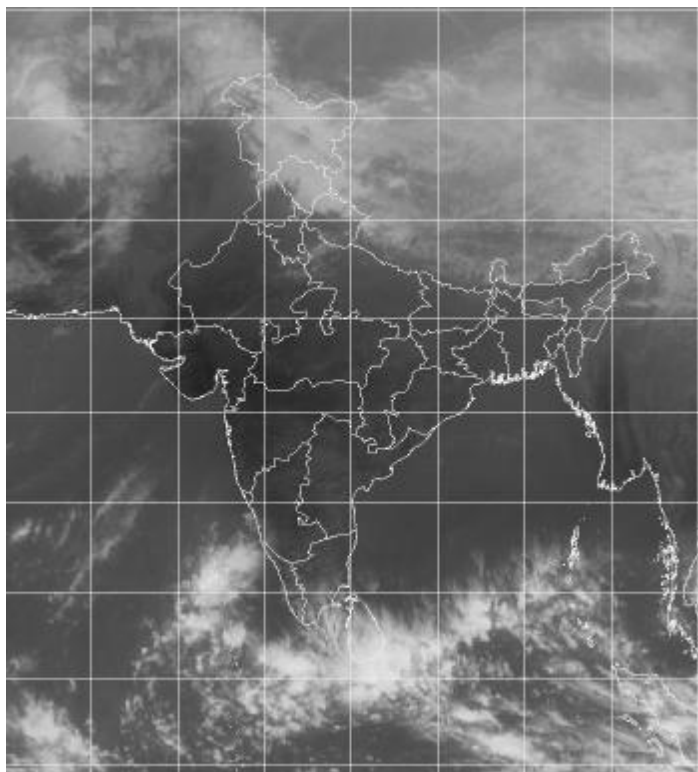
BUY NCDEX- January Guar Gum above 5190 with target of 5250 then 5280 Stop loss below 5160.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	13.12.06	12.12.06	Change
Guar Seed	Bikaner	1900	1930	-30
	Jodhpur	2000	2030	-30
	Nokha	1887	1913	-26
	Sriganganagar	1898	1913	-15
Guar Gum	Jodhpur	5135	5252	-117

SATELLITE PICTURE OF MONSOON PROGRESS (13.12.06)



Monsoon Outlook (13.12.06)

- As predicted, under the influence of northerly/northwesterly winds, night temperatures have fallen by 3-5 °C over eastern India, Gangetic plains and adjoining central India and by 1-2 °C over plains of northwest India. They are likely to fall further over these regions by 2-3 °C during next 1-2 days. The cold wave conditions are likely to develop over some parts of these regions during the same period.
- Ground frost is likely over some parts of Punjab, Haryana and north Rajasthan where night temperatures are likely to become 4°C or less during next 1-2 days.
- Lowest night temperature in the plains of the country was 2.8°C recorded at Adampur in Punjab.

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

- Fall in night temperatures and cold wave conditions over parts of north India.
- Subdued rainfall activity over extreme south peninsula.

Source: GOI (IMD)

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