

## GUAR DAILY

January 1st, 2007

### SPOT MARKETS:

Spot market prices of guar seed and guar gum recovered in the majority of markets amidst improved demand and weak arrivals. Bullish tone of futures market also affected the spot market sentiment. Arrivals declined from 20000 bags to 16000 bags in all over India. Higher guar gum prices motivated the millers to remain active in the market. Stockists' activity remains steady in the market. Further, Pakistan is quoting lower guar gum export prices as compare to India, which makes the India's export poor so far. However, the stock position of Pakistan is gradually decreasing and in near future India has the good opportunity of export of guar gum.

### FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiment with bullish tone. The most active February contract opened weak at Rs. 1968 and traded downwards and tested a low of Rs. 1961. However, increased buying interest at lower level supported the futures to trade upward and tested a high of Rs. 2012 and finally settled in the positive side. February contract moved in the range of Rs. 2012-1961 per qtl while the January contract moved in the range of Rs. 1973-1928 per qtl. Guar gum January contract traded in the range of Rs. 4890-4770, while the February contract fluctuated in the range of 4980-4870 per qtl.

### PRICE DRIVERS:

#### Bearish:

1. Higher production this year as compared to last year
2. Pakistan's export prices remain lower as against India

#### Bullish:

3. Farmers are unwilling to sell at lower price levels
4. Expectation of higher export in the coming days
5. Arrivals is likely to decrease 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 chart pattern exhibits bullish sentiment. Stochastic is in oversold region and moving upwards following a bullish crossover. MACD is in negative region and moving upwards. Closing price is below the 9 days and the 18 days EMA. Market is expected to trade upward following a steady to weak opening with possibility of slight late downward movement.

### OUTLOOK:

Guar seed futures are expected to trade upwards following steady to firm opening with possibility of slight late downwards movement.

### NCDEX Guar Seed February Contract:



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Feb.	1961	1971	1995	2033	2044
Guar Gum Feb.	4870	4890	4945	5030	5070

### INTRADAY TRADE RECOMMENDATION:

**BUY** NCDEX- February Guar Seed above 1985 with target of 2010 then 2022 Stop loss near 1970.

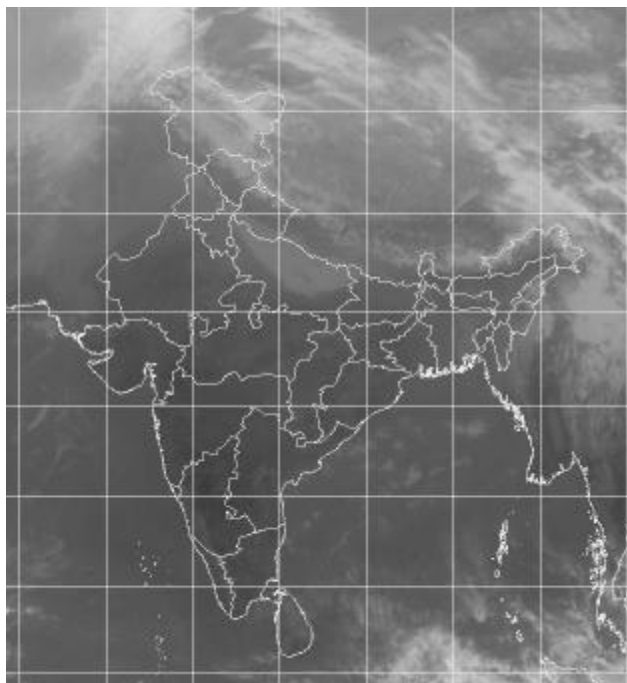
**BUY** NCDEX- February Guar Gum above 4920 with target of 4980 then 5010 Stop loss near 4890.

Do not carry forward the position until the next day.

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	30.12.06	29.12.06	Change
Guar Seed	Bikaner	1860	1847	+13
	Jodhpur	1990	1940	+50
	Nokha	1846	1820	+26
	Sriganganagar	1815	1805	+10
Guar Gum	Jodhpur	5096	4966	+130

## SATELLITE PICTURE OF MONSOON PROGRESS (30.12.06)



### Monsoon Outlook (30.12.06)

- Northern parts of Jammu & Kashmir is likely to experience light snowfall activity from 31st December under the influence of an approaching western disturbance. The snowfall activity is likely increase in intensity and extends into remaining parts of western Himalayan region during 2nd & 3rd of January.
- Night temperatures are likely to exhibit an increasing trend over the plains of northwest India during next 2-3 days. The prevailing cold wave conditions over isolated pockets of Punjab, Haryana and north Rajasthan will abate during next 1-2 days.
- Lowest night temperature in the plains of the country was 1.6°C recorded at Jhalawar in Rajasthan.

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

- Scattered snowfall activity over western Himalayan region.
- Night temperatures are likely to rise over the plains of northwest India.

**Source:** GOI (IMD)

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