

GUAR DAILY

December 27th, 2006

SPOT MARKETS:

Spot market prices of guar seed eased in the most of the major trading centers mainly due to the bearish tone of futures market while the spot market prices of guar gum recovered slightly in the major trading centers amidst improved demand and weak supply. Arrivals declined slightly in all over India mainly due to the rains as well as farmers are not interested to sell their stock at lower price level. The arrivals are reported about 20000-25000 bags. The stockists are waiting for the lower guar seed prices further on bearish tone of futures. Their activity will increase in the time of recovery in futures market prices. Further, lower guar gum quotation of Pakistan affecting the India's export scenario and it is expected to improve in near future as the stock position of Pakistan decreasing gradually.

FUTURES MARKETS:

NCDEX Guar seed futures observed narrow range bound trade with slightly bearish tone. The most active February contract opened firm at Rs. 2013 and traded downwards thereafter to test an intraday low of Rs. 1991 in the early hours of the trade. However, futures recovered marginally on increased buying interest at lower level. February contract moved in the range of Rs. 2022-1991 per qtl while the January contract moved in the range of Rs. 1988-1962 per qtl. Guar gum January contract traded in the range of Rs. 4907-4832, while the February contract fluctuated in the range of 5014-4940 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 pattern indicates weak sentiment and reflects that sellers are dominated the market. Stochastic is in oversold region and moving slightly upwards following a bullish crossover, indicating some firmness in medium term. MACD is in negative territory and moving downwards. Prices closed below 9-day and 18-day EMA, indicating weak sentiments.

OUTLOOK:

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

NCDEX Guar Seed February Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Feb.	1960	1972	2003	2022	2033
Guar Gum Feb.	4880	4915	4975	5020	5052

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- February Guar Seed below 2012 with target of 1987 then 1975 Stop loss near 2025.

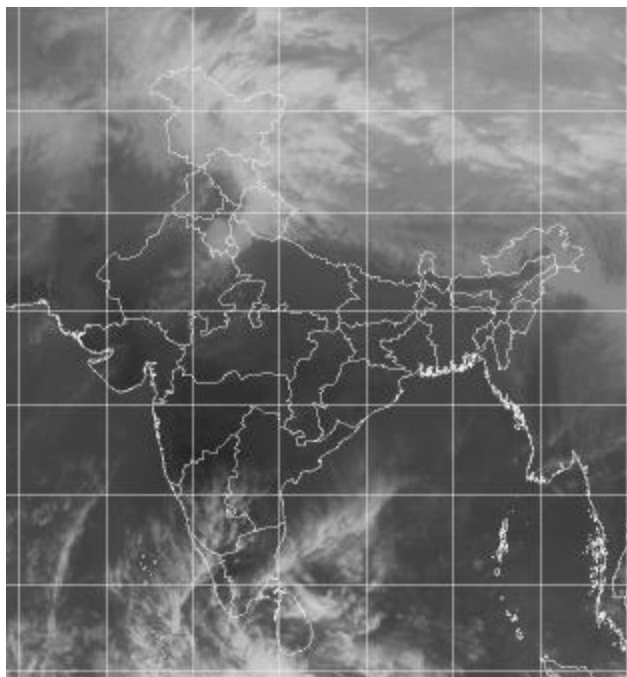
SELL NCDEX- February Guar Gum below 5000 with target of 4950 then 4925 Stop loss near 5025.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	26.12.06	23.12.06	Change
Guar Seed	Bikaner	1870	1900	-30
	Jodhpur	2000	2000	-
	Nokha	1830	1872	-42
	Sriganganagar	1865	1900	-35
Guar Gum	Jodhpur	5122	5070	+52

SATELLITE PICTURE OF MONSOON PROGRESS (26.12.06)



Monsoon Outlook (26.12.06)

- The ongoing light to moderate snowfall activity in connection with the western disturbance over western Himalayan region is likely to continue for another 24 hours. The rain/thundershowers over the adjoining plains is likely to continue for another 12 hours.
- With the eastwards movement of western disturbance northwesterly winds are likely to prevail over the northwest India from tomorrow leading to fall in night temperature by 3-4°C and also occurrence of fog at some places in the morning hours.
- Lowest night temperature in the plains of the country was 5.5°C recorded at Sultanpur in Uttar Pradesh.

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

- Night temperature are likely to remain below normal over plains of northwest India.

Source: GOI (IMD)

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