

GUAR DAILY

December 06th, 2006

GUAR

SPOT MARKETS:

Guar sentiment is continued steady at the spot markets. The spill-over trading at futures market is mainly hindering the spot market tone to move upwards further. However, good demand from stockists prevails in the market yards on the context of poor arrivals. The daily arrivals is decreasing to about 30,000 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 profit taking interest is decreased the January guar seed contract by Rs.45 per qtl. Finally the futures settled at negative territory with losses. At the NCDEX, Guar Seed December contract traded in the range of Rs. 2061-2096 per qtl, while the most active January contract moved in the range of Rs. 2109-2150 per qtl. Guar Gum December contract traded in the range of Rs. 5240-5305 per qtl, while the most active January contract moved in the range of Rs. 5370-5439 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	05.12..06	04.12..06	Change
Guar Seed	Bikaner	1960-1980	1980	-
	Jodhpur	2070	2070	-
	Nokha	1900	1910-1920	-10
	Sriganganagar	1890-1910	1910	-
Guar Gum	Jodhpur	5350-5400	5400	-

TECHNICALS:

Candlestick pattern is hinting somewhat weak sentiments. The stochastic is in normal region and moving slightly upwards. MACD is in positive territory and moving slightly downwards. Prices closed above 9-day and 18-day EMA. Indicating sideways tone.

OUTLOOK:

Guar seed futures are likely to move 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.	2075	2090	2145	2175	2190
Guar Gum Jan.	5286	5324	5440	5528	5560

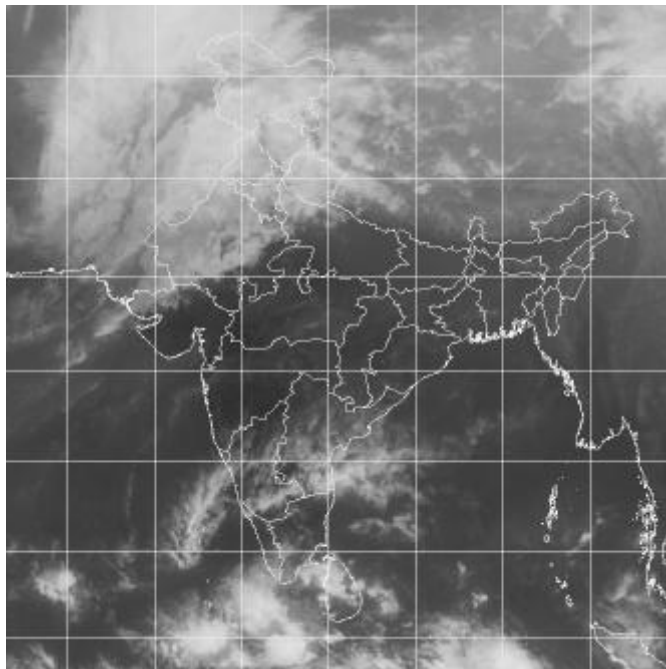
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2115 with target of 2145 then 2160 **Stop loss** below 2100.

BUY NCDEX- January Guar Gum above 5350 with target of 5410 then 5440 **Stop loss** below 5325.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (04.12.06)



Monsoon Outlook (05.12.06)

- During past 24 hours, widespread snowfall occurred over western Himalayan region with isolated heavy falls over Jammu & Kashmir. Light rainfall has also occurred at a few places over West Rajasthan, Punjab and Haryana.
- The current meteorological analysis suggests that ongoing enhanced snowfall activity over western Himalayan region is likely to continue for another 24 hours and decrease thereafter. Adjoining plains of northwest India are also likely to experience light rainfall activity during next 24 hours only.
- Night temperatures are likely to fall by 3-5°C over plains of northwest India during 6th to 8th and fog conditions are also likely to develop.

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)

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd