

GUAR DAILY

December 21st, 2006

GUAR

SPOT MARKETS:

Spot market prices of guar seed improved in the most of the major trading centers mainly due to the bullish tone of futures market. While guar gum remain steady in the spot market due to the weak export demand as the India's export prices are comparatively high than Pakistan. But gradually decreasing stock of Pakistan may benefit Indian exporters in near future to export guar gum. Arrivals slightly improved in the market around 30000 to 35000 bags in all over India due to some selling interest of farmers on higher prices. Millers activity did not improve because of steady prices of guar gum at spots. However lower prices of guarseed motivated the stockiest to remain active in the market and to increase their stock position to earn a handsome profit in the off-season.

FUTURES MARKETS:

NCDEX Guar seed futures opened weak at Rs. 2025 below the previous day settlement and tested a low of Rs. 2010. However, buying interest at lower level supported the futures to trade upwards and settled in a positive territory during the Wednesday's trade. January contract moved in the range of Rs. 2057-2010 per qtl while the December contract moved in the range of Rs. 2030-1980 per qtl during the today's trading session. Guar gum December contract traded in the range of Rs. 5075-4941, while the January contract fluctuated in the range of 5150-5051 per qtl.

PRICE DRIVERS:

Bearish:

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

Bullish:

3. Expectation of higher export in the coming days
4. Arrivals is likely to decrease at lower price levels 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 firm sentiment and reflects that buyers are dominated the market. Stochastic is in normal region and moving downwards. The %K line has make bearish crossover with %D line. MACD is in negative territory and moving slightly downwards. Prices closed below 9-day and 18-day EMA. Overall picture indicating sideways sentiments.

OUTLOOK:

Guar seed futures are expected to trade downwards initially following a steady to weak opening and upwards movement thereafter

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2000	2025	2046	2080	2095
Guar Gum Jan.	5051	5082	5130	5200	5240

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2030 with target of 2055 then 2070 **Stop loss** below 2015.

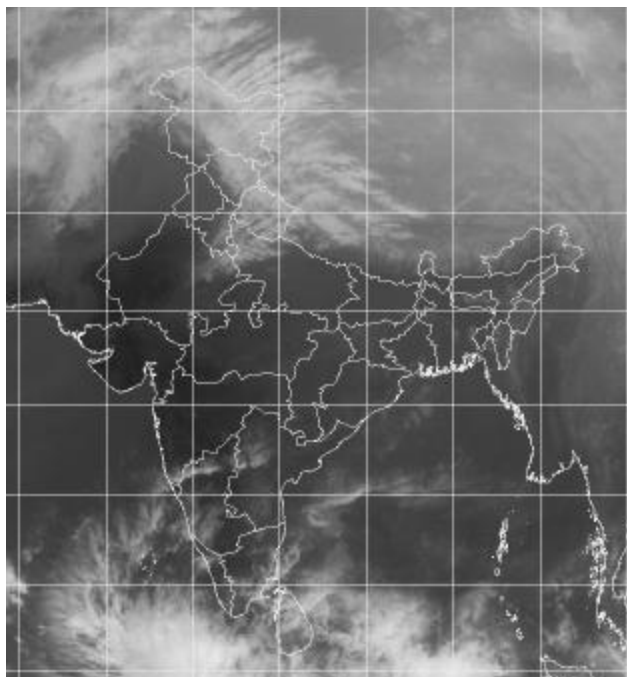
BUY NCDEX- January Guar Gum above 5110 with target of 5170 then 5200 **Stop loss** below 5080.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.12.06	19.12.06	Change
Guar Seed	Bikaner	1925	1900	+25
	Jodhpur	2025	2020	+5
	Nokha	1903	1872	+31
	Sriganganagar	1890	1877	+13
Guar Gum	Jodhpur	5304	5304	-

SATELLITE PICTURE OF MONSOON PROGRESS (20.12.06)



Monsoon Outlook (20.12.06)

- Under the influence of the western disturbance now located over Jammu & Kashmir and neighbourhood, scattered snowfall activity is likely over western Himalayan region during next 36 hours. Isolated rain/thundershowers are also likely over Punjab and north Haryana during the same period.
- The night temperatures increased by 2-3 °C over plains of northwest India, Gangetic plains, adjoining central India and many parts of Rajasthan and Gujarat during past 24 hours. They are likely to rise further by 2-3 °C over plains of northwest India, Gangetic plains and adjoining central India during next 1-2 days and fall thereafter alongwith development of fog conditions over some parts of these regions.
- Lowest night temperature in the plains of the country was 3.4°C recorded at Amritsar in Punjab.

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

- A western disturbance is likely to affect western Himalayan region from 24th onwards.

Source: GOI (IMD)

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