

GUAR DAILY

December 19th, 2006

GUAR

SPOT MARKETS:

Guar spot market prices eased in the most of the major trading centers mainly due to the bearish tone of futures market. Stockiest remain active in the market as the lower prices of guar seed motivated them to increase their stock position to earn a handsome profit in the off-season. The arrival reportedly noted at about 30000 bags in all over India. Millers demand remains steady in the market. Export scenario from India is remained poor so far. Lower quotation of Pakistan's guar gum export price as against India is still pressurizing the guar market sentiments here. The traders are optimistic about firm tone in physical market in coming futures on good export demand because of Pakistan's stocks are decreasing sharply.

FUTURES MARKETS:

Guar seed futures at NCDEX opened weak with slightly bearish sentiments. Buying interest supported the futures to trade upwards and tested a high of Rs. 2088 in the early hours of the trade. However, increased selling pressure at higher level pushed the futures to trade downwards thereafter and tested a low of Rs. 2042 during the Monday's trading session and finally settled at Rs. 2047. January contract hovers in the range of Rs. 2088-2042 per qtl while the December contract moved in the range of Rs. 2050-2010 per qtl during the trading session. Guar gum December contract traded in the range of Rs. 5155-5011, while the January contract fluctuated in the range of 5285-5151 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. Millers demand improved somewhat
4. Expectation of higher export in the coming days
5. 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.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	18.12.06	16.12.06	Change
Guar Seed	Bikaner	1940	1950	-10
	Jodhpur	2030	2040	-10
	Nokha	1872	1905	-33
	Sriganganagar	1892	1900	-8
Guar Gum	Jodhpur	5330	5356	-26

TECHNICALS:

Candlestick pattern indicates weak sentiment and reflects that sellers are dominated the market at higher price levels. Stochastic is in normal region and moving downwards. The %K line is likely to make bearish crossover with %D line. MACD is in negative territory and moving slightly downwards. Prices closed below 9-day and 18-day EMA., indicating weak sentiments.

OUTLOOK:

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

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	1996	2014	2047	2065	2075
Guar Gum Jan.	5055	5086	5170	5226	5260

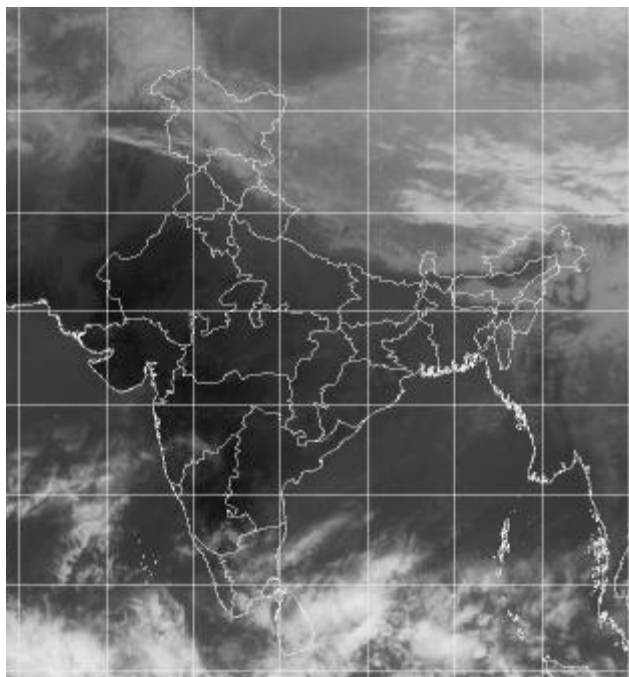
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- January Guar Seed below 2055 with target of 2030 then 2018 **Stop loss** below 2070.

SELL NCDEX- January Guar Gum above 5200 with target of 5140 then 5110 **Stop loss** below 5230.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (18.12.06)



Monsoon Outlook (18.12.06)

- A western disturbance is approaching and it is likely to cause snowfall activity over western Himalayan region on 20th & 21st December. Isolated rain/thundershowers are also likely over Punjab during the same period.
- Night temperatures are likely to increase by 2-3 °C over plains of northwest India, Gangetic plains and adjoining central India during 20 to 22nd December and fall thereafter.
- Scattered rain/thundershowers are likely to commence over south peninsula due to approach of an easterly wave.
- Lowest night temperature in the plains of the country was 2.6°C recorded at Adampur in Punjab.

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

- Scattered precipitation activity is likely to continue over western Himalayan region on 21st and decrease thereafter.
- Fall in night temperatures over plains of northwest India and Gangetic plains.
- Fog conditions are also likely to develop over some parts of the same region

Source: GOI (IMD)

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