

GUAR DAILY

December 29th, 2006

SPOT MARKETS:

Spot market prices of guar seed and guar gum declined in the most of the major trading centers on weak demand as well as the bearish tone of futures market. Stockiest activity reduced in the market mainly due to the increase in margin money. The government recently increased the margin money from 15% to 22%. Miller's activity remains steady in the market. Arrivals are reduced from 25000 to 20000 bags in all over India, as the farmers are not interested to release their stock in lower price level. They are holding the stock to earn higher prices. Further, Lower quotation of Pakistan's guar gum export price as against India is still affecting 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:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active February contract opened weak at Rs. 2016 and increased buying interest at current level supported the futures to trade upward and tested a high of Rs. 2033 in the early hours of the trade. However, selling pressure at higher level pushed the futures to trade downward and tested a low of Rs. 1973 and finally settled red. February contract moved in the range of Rs. 2033-1973 per qtl while the January contract moved in the range of Rs. 1997-1940 per qtl. Guar gum January contact traded in the range of Rs. 4969-4801, while the February contract fluctuated in the range of 5067-4905 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 bearish sentiment. Technical indicators MACD and RSI indicating bearish market, while Stochastic favour for the bulls. Closing price is far below the 9 days EMA and the 18 days EMA. Market is expected to trade downward following a steady to weak opening with possibility of slight late upward movement.

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.	1945	1960	1983	2016	2040
Guar Gum Feb.	4802	4862	4922	5093	5131

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- February Guar Seed below 2001 with target of 1975 then 1967 Stop loss near 2017.

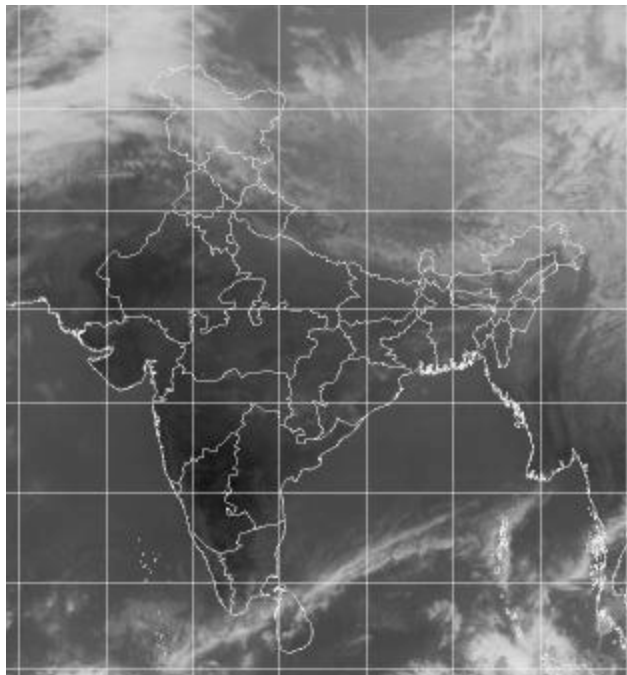
SELL NCDEX- February Guar Gum below 5000 with target of 4960 then 4925 Stop loss near 5035.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	28.12.06	27.12.06	Change
Guar Seed	Bikaner	1847	1870	-23
	Jodhpur	1910	2000	-90
	Nokha	1840	1851	-11
	Sriganganagar	1842	1865	-23
Guar Gum	Jodhpur	5044	5200	-156

SATELLITE PICTURE OF MONSOON PROGRESS (28.12.06)



Monsoon Outlook (28.12.06)

- The northeast monsoon rains have ceased over Tamil Nadu, Kerala and adjoining parts of Andhra Pradesh and Karnataka on 28th December 2006.
- As predicted, night temperatures have fallen over plains of northwest India and adjoining Gangetic plains and central India by 2-4° C during past 24 hours. Fog was also experienced at some places in the Indo-Gangetic plains. Further fall in night temperatures by 1-2° C likely over Indo-Gangetic plains during next 2 days. However, due to the prevailing strong winds in the lower levels, dense fog conditions are not likely during next 2-3 days.
- Lowest night temperature in the plains of the country was 3.0°C recorded at Amritsar in Punjab.

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

- A fresh western disturbance is likely to cause isolated snowfall activity over Jammu & Kashmir.
- Night temperatures are likely to rise over the plains of northwest India.

Source: GOI (IMD)

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