

GUAR DAILY

December 23rd, 2006

SPOT MARKETS:

Spot market prices of guar seed and guar gum eased in the major trading centers. Bearish tone of futures market mainly slid down the spot prices of guar. The arrivals remain steady between 25000-30000 bags in all over India, as the farmers are unwilling to sell their stock at lower price level. They are more interested to hold their stocks to get higher prices in near future. Miller's activity remains steady in the market. Stockiest are looking for increasing their stock position to earn maximum profit in the off-season. India's export scenario remains poor so far because Pakistan is quoting lower guar gum prices as compare to India. However, in the near future India will have the big opportunity to export guar gum because the Pakistan's stock gradually decreasing day by day

FUTURES MARKETS:

Guar seed futures at NCDEX observed weak sentiment with bearish tone. Most active February contract opened weak at Rs. 2052 and increased buying interest at lower level pushed the futures to trade upwards and tested an intraday high of Rs. 2070. However it traded downward thereafter on increased selling pressure and tested a low of Rs. 1995 and finally settled in negative side. February contract moved in the range of Rs. 2070-1995 per qtl, while the January contract moved in the range of Rs. 2033-1965 per qtl. Guar gum January contract traded in the range of Rs. 5075-4853, while the February contract fluctuated in the range of 5175-4965 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 normal region and moving downwards. 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	2002	2028	2040
Guar Gum Feb.	4860	4915	4980	5050	5080

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- February Guar Seed below 2015 with target of 1990 then 1978 Stop loss near 2030.

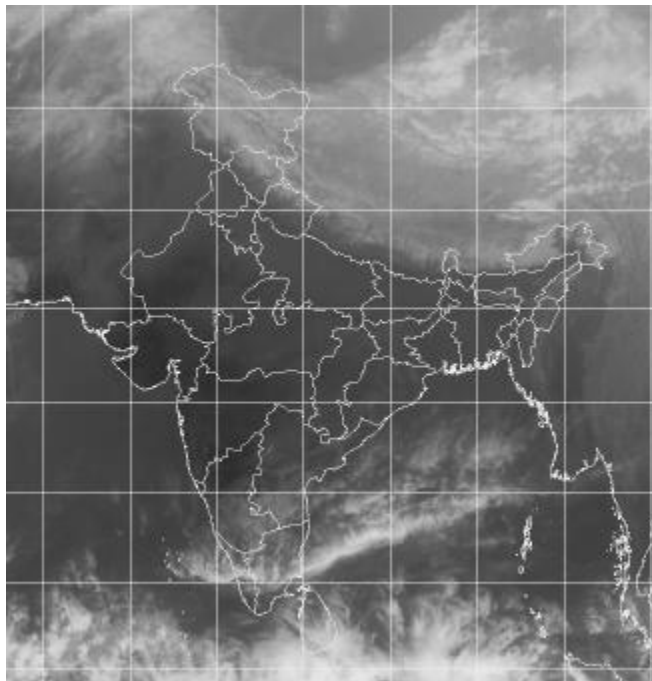
SELL NCDEX- February Guar Gum below 5020 with target of 4970 then 4945 Stop loss near 5045.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	22.12.06	21.12.06	Change
Guar Seed	Bikaner	1846	1890	-44
	Jodhpur	2000	2020	-20
	Nokha	1846	1875	-29
	Sriganganagar	1840	1851	-11
Guar Gum	Jodhpur	5096	5148	-52

SATELLITE PICTURE OF MONSOON PROGRESS (22.12.06)



Monsoon Outlook (22.12.06)

- The western disturbance over Jammu & Kashmir is moving away eastwards. Isolated snowfall activity is likely over Jammu & Kashmir and Himachal Pradesh during next 24 hours.
- A fresh western disturbance is likely to affect Jammu & Kashmir from 25th onwards.
- The night temperatures are likely to fall over plains of northwest India and adjoining Gangetic plains along with development of fog conditions over some parts of these regions during next 1-2 days. Rise in night temperatures is likely thereafter.
- Lowest night temperature in the plains of the country was 3.8°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.

Source: GOI (IMD)

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