

GUAR DAILY

December 30th, 2006

SPOT MARKETS:

Spot market prices of guar seed and guar gum eased in the majority of markets on weak demand and mainly due to the bearish tone of futures market. Exporters are hopeful to get good opportunity of export in near future as the Pakistan's stock is decreasing sharply. Millers are looking for lower prices of guar seed from open market. They are interested to earn more profit in near future. Bearish tone of futures market also affected the arrivals in all over India and it is noted around 20000 bags as the farmers unwilling to release the stock at lower prices. Stockiest and millers remain silent in the market and monitoring the futures market closely.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish tone. The most active February contract opened weak at Rs. 1977 and traded downwards thereafter on increased selling pressure at current level and tested a low of Rs. 1944. However, futures recovered marginally on buying interest at lower level and settled in the negative side. February contract moved in the range of Rs. 1977-1944 per qtl while the January contract moved in the range of Rs. 1947-1916 per qtl. Guar gum January contract traded in the range of Rs. 4877-4726, while the February contract fluctuated in the range of 4905-4760 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 somewhat firm sentiment and reflects that buyers mainly dominated the market at lower price levels. Stochastic is in oversold region. MACD is in negative region. Closing price is far below the 9 days 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 upwards following a firm opening.

NCDEX Guar Seed February Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Feb.	1945	1960	1971	2004	2017
Guar Gum Feb.	4800	4840	4885	4960	4990

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- February Guar Seed above 1965 with target of 1990 then 2002 Stop loss near 1950.

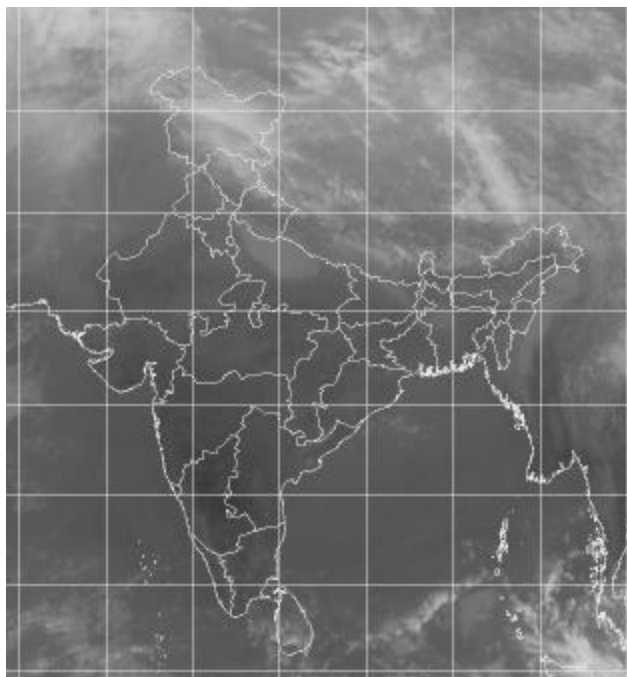
BUY NCDEX- February Guar Gum above 4870 with target of 4920 then 4945 Stop loss near 4845.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	29.12.06	28.12.06	Change
Guar Seed	Bikaner	1847	1847	-
	Jodhpur	1940	1910	+30
	Nokha	1820	1840	-20
	Sriganganagar	1805	1842	-37
Guar Gum	Jodhpur	4966	5044	-78

SATELLITE PICTURE OF MONSOON PROGRESS (29.12.06)



Monsoon Outlook (29.12.06)

- The northeast monsoon rains have ceased over Tamil Nadu, Kerala and adjoining parts of Andhra Pradesh and Karnataka on 28th December 2006.
- A fresh western disturbance is likely to cause light snowfall over Jammu & Kashmir commencing from 31st December.
- 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 1-2 days. However, due to the prevailing strong winds in the lower levels, dense fog conditions are not likely during next 48 hours.
- 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):

- Scattered snowfall activity over western Himalayan region.
- Night temperatures are likely to rise over the plains of northwest India.

Source: GOI (IMD)

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