

GUAR DAILY

January 4th, 2007

SPOT MARKETS:

Spot market prices of guar seed and guar gum declined in the major trading centers amidst weak physical demand and weak arrivals. As per the trade sources Stockists mostly remain silent in the markets due to the rumors of ban in guar futures, which also affected the spot market sentiments. Arrivals remain steady at 18000 bags in all over India, as the farmers are not releasing their stock at lower prices. Miller's activity remains steady in the market. Further, the India's export scenario is likely to improve in near future as the Pakistan's stock is decreasing gradually. However, everybody related to guar have been expecting higher prices of the commodity in near future.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiment with bullish tone. The most active February contract opened weak at Rs. 1969 and traded downwards thereafter and tested a low of Rs. 1948. However, buying interest at lower level supported the futures to trade upward and tested a high of Rs. 1986 and finally settled in the positive side. February contract moved in the range of Rs. 1986-1948 per qtl while the January contract moved in the range of Rs. 1950-1915 per qtl. Guar gum January contract traded in the range of Rs. 4833-4746, while the February contract fluctuated in the range of 4930-4842 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. Long lower shadow indicates good buying interest at lower prices. Stochastic is in normal region and moving downwards. MACD is in negative region and moving slightly upwards. Closing price is below the 9 days and the 18 days EMA. Market is expected to trade bullish following a firm opening.

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.	1941	1950	1974	2002	2020
Guar Gum Feb.	4830	4866	4925	4986	5014

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- February Guar Seed above 1962 with target of 1987 then 2000 Stop loss near 1947.

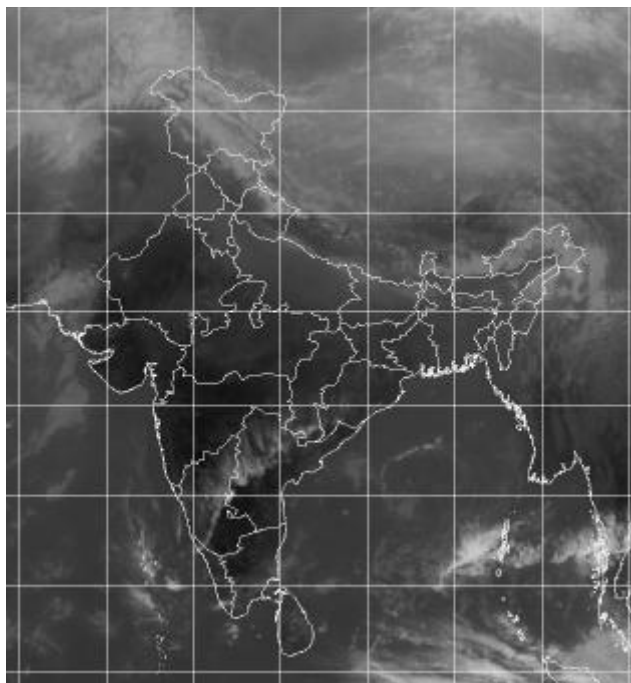
BUY NCDEX- February Guar Gum above 4898 with target of 4948 then 4973 Stop loss near 4870.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	03.01.07	02.01.07	Change
Guar Seed	Bikaner	1825	1840	-15
	Jodhpur	1945	1970	-25
	Nokha	1800	1820	-20
	Sriganganagar	1790	1805	-15
Guar Gum	Jodhpur	4966	5044	-78

SATELLITE PICTURE OF MONSOON PROGRESS (03.01.07)



Monsoon Outlook (03.01.07)

- As predicted, night temperatures have fallen by 2-4 °C over plains of northwest India. Cold wave conditions developed at some places over Punjab and isolated pockets of Jammu division of Jammu & Kashmir, north Haryana and north Rajasthan. Ground frost was also experienced at some places over Punjab, Haryana and north Rajasthan. These conditions are likely to prevail during next 24 hours and subsequently night temperatures are likely to increase leading to abatement of cold wave and frost conditions.
- Under the influence of an approaching western disturbance, scattered rain/snow activity is likely over western Himalayan region during 4-6th. Isolated rain/thundershower is also likely over plains of northwest India during 5-6th.
- Lowest night temperature in the plains of the country was -0.5°C recorded at Amritsar in Punjab.

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

- Scattered rain/snowfall activity is likely over western Himalayan region. Isolated rain/thundershower is also likely over plains of northwest India.
- Fog conditions are likely over plains of northwest India.

Source: GOI (IMD)

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