

GUAR DAILY

January 8th, 2007

SPOT MARKETS:

Spot market prices of guar seed traded down whereas guar gum traded steady amidst steady demand and increase supply scenario. Arrivals increased to 20000 - 22000 bags in all over India because of the Friday's sharply bullish tone at futures market. However, bearish tone of futures market at the weekend limited the market activities. Stockist's closely watching the futures market movement and they have been waiting for futures prices to come down, so that they can buy at lower price level to increase their stock position and to earn more profit in off-season. Further, the higher guar gum prices in the futures market motivated the miller to remain active in the market. Depleting stocks of Pakistan widening the scope of increase export from India in near future. India generally exports about 1.5-2 lakh tonnes of guar gum produce annually.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active February contract opened firm at Rs. 2051 against the previous close of Rs. 2041 and tested a high of Rs. 2054. However, selling pressure at higher level pushed the futures to trade downwards and finally settled in the negative side. February contract moved in the range of Rs. 2054-2017 per qtl while the January contract moved in the range of Rs. 2011-1981 per qtl. Guar gum January contract traded in the range of Rs. 5035-4960, while the February contract fluctuated in the range of 5180-5052 per qtl.

PRICE DRIVERS:

Bearish:

1. Higher production this year as compared to last year
2. Improves arrivals as compared to previous day.

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.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	06.01.07	05.01.07	Change
Guar Seed	Bikaner	1840	1890	-50
	Jodhpur	2000	2000	-
	Nokha	1804	1840	-36
	Sriganganagar	1790	1815	-25
Guar Gum	Jodhpur	5148	5148	-

TECHNICALS:

Candlestick chart pattern exhibits weak sentiment, reflects selling interest mainly dominated the market at higher levels. Stochastic is in normal region and moving upwards. MACD is in negative region and moving upwards. Closing price in between 9 days and the 18 days EMA. Market is expected to trade firm following a weak opening.

OUTLOOK:

Guar seed futures are expected to trade slightly downwards initially following a weak opening and upward movement thereafter.

NCDEX Guar Seed February Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Feb.	1984	1994	2019	2048	2058
Guar Gum Feb.	4970	4990	5059	5125	5160

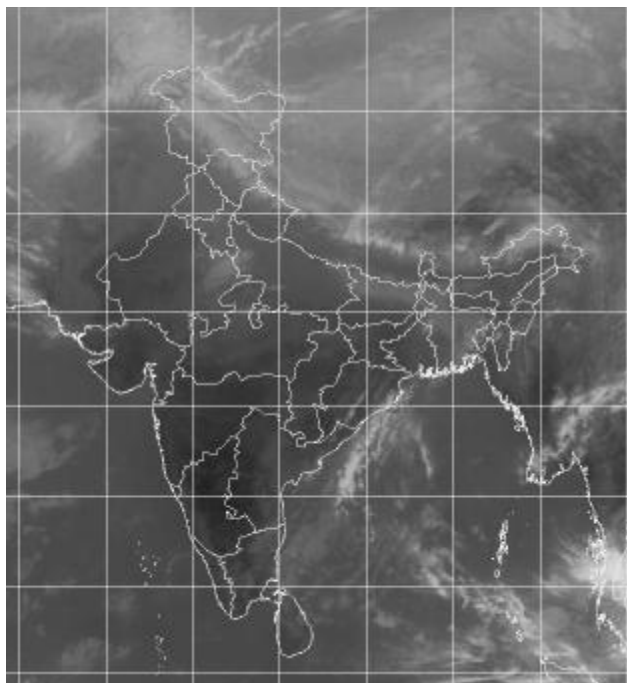
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- February Guar Seed above 2005 with target of 2030 then 2042 Stop loss near 1990.

BUY NCDEX- February Guar Gum above 5020 with target of 5080 then 5110 Stop loss near 4990.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (06.01.07)



Monsoon Outlook (06.01.07)

- Cold wave conditions prevailed at some places over Punjab and isolated pockets of Jammu division of Jammu & Kashmir, north Haryana, East Uttar Pradesh, Bihar, Orissa and Jharkhand. Night temperatures were 2-3 °C below normal over remaining parts of northwest India. Ground frost was also experienced at some places over Punjab and north Haryana. No significant change is likely to occur in night temperature over plains of northwest India during next 24 hours and fall on 8th.
- Under the influence of western disturbance located over Jammu & Kashmir and neighbourhood, isolated snowfall activity is likely over western Himalayan region during next 24 hours. Isolated rain/thundershower is also likely over Punjab, north Haryana during same period.
- Lowest night temperature in the plains of the country was -3.8°C recorded at Adampur in Punjab.

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

- A fresh western disturbance likely to affect western Himalayan region on 9th.
- Rise in night temperature is likely over plains of northwest India on 9th.

Source: GOI (IMD)

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