

GUAR DAILY

January 2nd, 2007

SPOT MARKETS:

Spot market prices of guar seed eased slightly in the major market like Bikaner and Jodhpur on weak demand, while the markets remain closed in Nokha and Sriganganagar due to the New Year and id celebration. Guar gum spot price remain steady in Jodhpur as compare to the Saturday's price on subdued demand. Arrivals declined from 20000 bags to 18000 bags in all over India. Bearish tone of futures market also affected the arrival in India, as the farmers are unwilling to release their stock in lower prices. Lower guar seed price motivated the stockists to remain active in the market and to increase their stock position to get maximum profit in off-season. Miller's activity remains steady in the market. Further, The Indian Guar Gum Manufacturers Association in Jodhpur complained to the Minister of State for Commerce to ban guar seed and guar gum from forward trading because of high speculation.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiment with bullish tone. The most active February contract opened firm at Rs. 1995 and tested a high of Rs. 2014. However, selling pressure at higher level pushed the futures to trade downward and tested a low of Rs. 1972 and finally settled red. February contract moved in the range of Rs. 1972-2014 per qtl while the January contract moved in the range of Rs. 1975-1940 per qtl. Guar gum January contract traded in the range of Rs. 4885-4790, while the February contract fluctuated in the range of 4987-4880 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. Stochastic is in oversold region and moving slightly upwards. MACD is in negative region. Closing price is below the 9 days and the 18 days EMA. Market is expected to trade bearish following a weak opening.

OUTLOOK:

Guar seed futures are expected to trade downwards following a weak opening.

NCDEX Guar Seed February Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Feb.	1932	1945	1975	2000	2025
Guar Gum Feb.	4780	4810	4881	4930	4965

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- **February Guar Seed** below 1985 with **target** of 1960 then 1948 **Stop loss** near 2000.

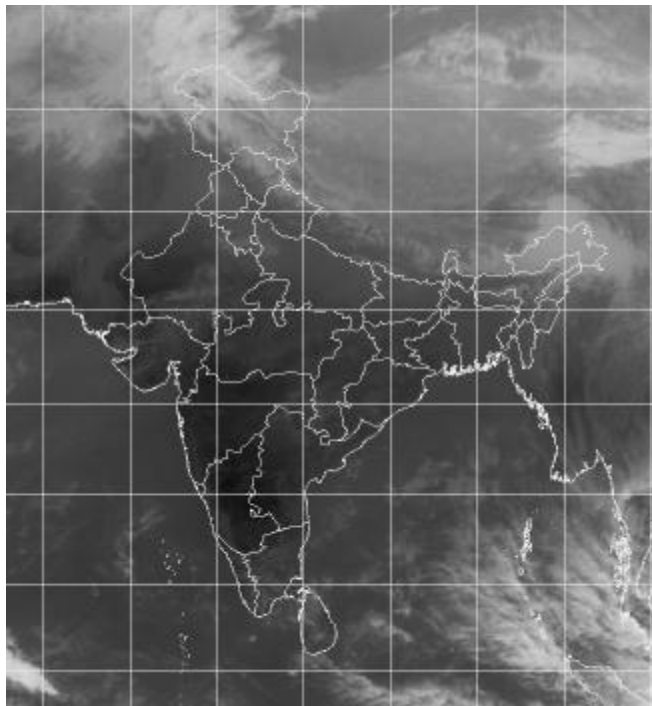
SELL NCDEX- **February Guar Gum** below 4900 with **target** of 4850 then 4825 **Stop loss** near 4925.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	01.12.06	30.12.06	Change
Guar Seed	Bikaner	1850	1860	-10
	Jodhpur	1980	1990	-10
	Nokha	NA	1846	-
	Sriganganagar	NA	1815	-
Guar Gum	Jodhpur	5096	5096	-

SATELLITE PICTURE OF MONSOON PROGRESS (01.12.06)



Monsoon Outlook (01.12.06)

- Night temperatures over parts of northwest India still continue to be 2- 4 °C below normal with ground frost conditions prevailing over isolated pockets of Punjab, north Haryana and north Rajasthan. They are likely to fall further with cold wave conditions also likely over parts of north India. These conditions are likely to continue for next 2 days.
- Early morning fog is also likely over the parts of north India during the same period.
- In view of an approaching western disturbance scattered rain/snow activity is likely to commence over western Himalayan region around 4th.
- Lowest night temperature in the plains of the country was 2.0°C recorded at Amritsar in Punjab.

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

- Scattered rain/snowfall activity is likely to continue over western Himalayan region. Isolated rain/thundershowers is also likely over plains of northwest India.
- Rise in night temperature over the plains of northwest India.

Source: GOI (IMD)

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