

GUAR DAILY

January 5th, 2007

SPOT MARKETS:

Spot market prices of guar seed and guar gum recovered in the majority of markets on some demand amidst steady arrivals. Arrivals remained steady at 18000 bags in all over India. Bullish tone of futures prices did not motivated the farmers as they are very much optimistic that the prices will increase further in coming days. However, higher guar gum prices in the futures market motivated the millers to remain active in the market. Stockists' activity remained steady. Further, the India's export scenario is likely to improve in near future as the stock position of Pakistan decreasing sharply.

FUTURES MARKETS:

NCDEX Guar seed futures observed firm sentiment with slightly bullish tone. The most active February contract opened firm at Rs. 1979 against the previous close of Rs. 1973 and tested a low of Rs. 1969. However, buying interest at lower level supported the futures to trade upwards and finally settled in the positive side. February contract moved in the range of Rs. 2004-1969 per qtl while the January contract moved in the range of Rs. 1965-1934 per qtl. Guar gum January contact traded in the range of Rs. 4880-4755, while the February contract fluctuated in the range of 4970-4881 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 firm sentiment, reflects buying interest mainly dominated the market. Stochastic is in normal region and moving upwards. MACD is in negative region and moving upwards. Closing price is between 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.	1960	1973	2000	2025	2033
Guar Gum Feb.	4886	4922	4962	5020	5046

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- February Guar Seed above 1990 with target of 2015 then 2027 Stop loss near 1975.

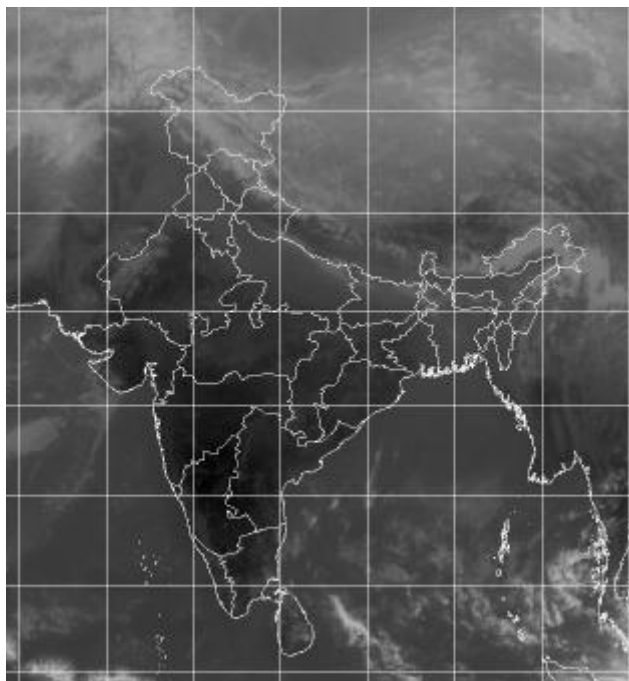
BUY NCDEX- February Guar Gum above 4950 with target of 5000 then 5025 Stop loss near 4925.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.01.07	03.01.07	Change
Guar Seed	Bikaner	1855	1825	+30
	Jodhpur	1960	1945	+15
	Nokha	1820	1800	+20
	Sriganganagar	1805	1790	+15
Guar Gum	Jodhpur	5044	4966	+78

SATELLITE PICTURE OF MONSOON PROGRESS (04.01.07)



Monsoon Outlook (04.01.07)

- Cold wave conditions prevailed at some places over Punjab and isolated pockets of Jammu division of Jammu & Kashmir, north Haryana, north Rajasthan and East Uttar Pradesh. Night temperatures were 2-3 °C below normal over remaining parts of Indo-Gangetic plains. Ground frost was also experienced at some places over Punjab, Haryana and north Rajasthan. Night temperatures are likely to increase leading to abatement of cold wave and frost conditions during next 1-2 days.
- A western disturbance lies over north Pakistan and neighbourhood. Under its influence isolated snowfall activity is likely over Jammu & Kashmir during next 24 hours. The precipitation activity is likely to increase and extend to Himachal Pradesh and Uttaranchal during 5-6th. Isolated rain/thundershower is also likely over plains of northwest India during 5-6th.
- Lowest night temperature in the plains of the country was -0.6°C recorded at Amritsar in Punjab.

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

- Ceasation of precipitation and development of fog conditions are likely over northwest India.
- Fall in night temperatures over plains of northwest India.

Source: GOI (IMD)

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