

GUAR DAILY

January 25th, 2007

SPOT MARKETS:

Guar sentiments remained weak in majority of domestic markets on lack of interest from buyers. The ban of futures trading on tur and urad has confused the traders and this makes spillover-trading activities in spot market. However, arrivals at the major physical markets are reported to be steady at around 16000-18000 bags in all over India. Guar gum prices at Jodhpur declined sharply. Millers were mostly silent during Wednesday. Moreover, weakness in futures market also affected the spot market sentiment.

FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active March contract opened weak at Rs. 2012 against the previous close of Rs. 2015 and traded downwards thereafter on increased selling pressure and tested a low of Rs. 1945 and settled in the negative side. March contract moved in the range of Rs. 2012-1945 per qtl while the February contract moved in the range of Rs. 1972-1904 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 not releasing their stock at lower prices
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 weak tone, reflects sellers dominated the market. Stochastic is in normal region and moving slightly downwards. MACD is in negative region and moving downwards. Closing price is in below the 9 days and the 18 days EMA.

OUTLOOK:

Guar seed futures are expected to trade upwards following a firm opening with possibility of downwards movement initially.

NCDEX Guar Seed March Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1935	1945	1968	1990	2000
Guar Gum Mar.	4810	4840	4885	4950	4970

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- March Guar Seed above 1955 with target of 1980 then 1990 Stop loss near 1940.

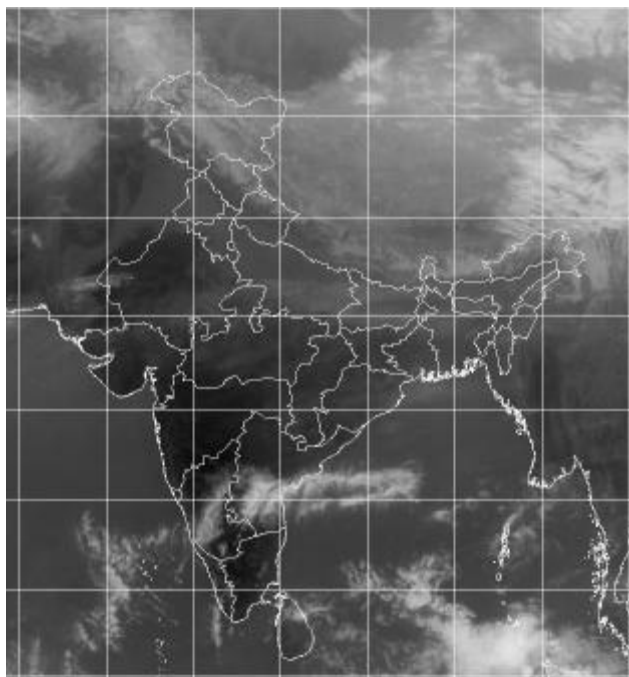
BUY NCDEX- March Guar Gum above 4865 with target of 4915 then 4940 Stop loss near 4840.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	24.01.07	23.01.07	Change
Guar Seed	Bikaner	1850	1860	-10
	Jodhpur	1970	1975	-5
	Nokha	1800	1810	-10
	Sriganganagar	1750	1765	-15
Guar Gum	Jodhpur	4940	5018	-78

SATELLITE PICTURE OF MONSOON PROGRESS (23.01.07)



Monsoon Outlook (23.01.07)

- A fresh western disturbance is likely to cause snowfall activity over western Himalayan region from 24th evening onwards.
- Cold wave conditions prevailed over some parts of Punjab, northeast Rajasthan, East Uttar Pradesh and adjoining Bihar. The night temperatures are below normal by 2-3 °C over remaining parts of Indo-Gangetic plains. The numerical weather prediction models suggest an increase in night temperature by 3-4 °C over plains of northwest India during next 4-5 days. Consequently, the prevailing cold wave conditions are likely to abate by 25th
- Lowest night temperature in the plains of the country was -0.7 °C recorded at Amritsar in Punjab.

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

- Isolated snowfall is likely over Western Himalayan region.

Source: GOI (IMD)

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