

## GUAR DAILY

February 14<sup>th</sup>, 2007

### SPOT MARKETS:

Guar spot market witnessed weak sentiment during the Tuesday's trade, where the spot prices of both guar seed and guar gum continue to decline due to lack of buying support as the processors and stockists demand remain silent in the market. Further, the continued cloudy and precipitative conditions affected spot market prices as well as arrivals. Arrivals stood steady at 700 bags in Bikaner, while no arrivals reported in Nokha. Overall arrivals at the major spot markets reportedly noted at 10000-12000 bags a day. Moreover, weakness in the futures market has also contributed to spot market sentiment. Market sources added that with continuing western disturbance market activity is likely to be subdued in coming days.

### FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active March contract opened weak at Rs. 1919, down by Rs. 5 against the previous close of Rs. 1924 and traded upwards initially and tested a high of Rs. 1930. However, increased selling pressure pulled the futures to trade downwards and settled the futures in negative territory. March contract moved in the range of Rs. 1930-1896 per qtl while the February contract moved in the range of Rs. 1891-1859 per qtl. Guar gum February contract fluctuated in the range of Rs. 4685-4595/ctl, while March contract moved in the range of Rs. 4755-4665/ctl.

### PRICE DRIVERS:

#### Bearish:

1. Higher production this year as compared to last year
2. Weak demand from processors and stockists
3. Farmers releasing their stock as per market demand

#### Bullish:

4. Continuing western disturbance affecting arrivals
5. Exclusion of VAT on guar in Rajasthan

### 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 market. Stochastic is in oversold region and moving downwards. MACD is in negative region and moving downwards. Closing price is far below both the 9 days and 18 days EMA, which indicates the trend will continue. Market is expected to trade downwards following a steady to weak opening.

### OUTLOOK:

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

### NCDEX Guar Seed March Contract:



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Mar.	1850	1862	1898	1925	1932
Guar Gum Mar.	4560	4590	4665	4700	4735

### INTRADAY TRADE RECOMMENDATION:

**SELL** NCDEX- March Guar Seed below 1910 with target of 1885 then 1870 **Stop loss** near 1925.

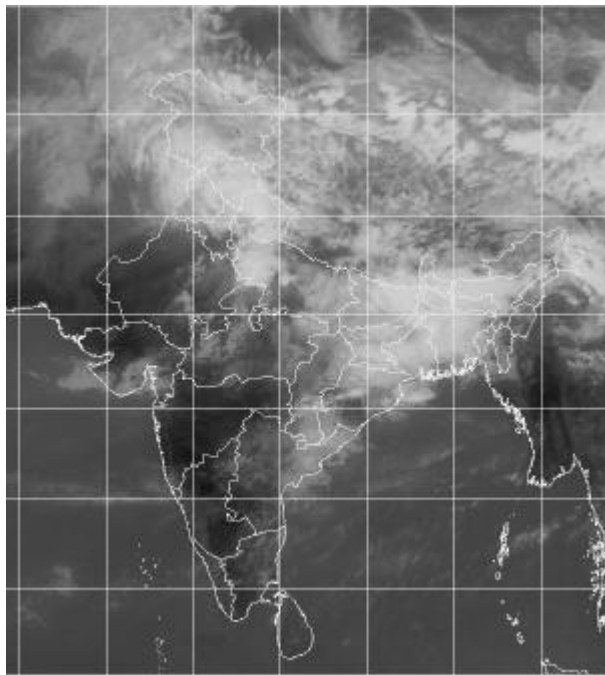
**SELL** NCDEX- March Guar Gum below 4685 with target of 4625 then 4590 **Stop loss** near 4715.

Do not carry forward the position until the next day.

### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	13.02.07	12.02.07	Change
Guar Seed	Bikaner	1790	1800	-10
	Jodhpur	1880	1910	-30
	Nokha	1725	1745	-20
	Sriganganagar	NA	1710	-
Guar Gum	Jodhpur	4800	4836	-36

## SATELLITE PICTURE OF MONSOON PROGRESS (13.02.07)



### Monsoon Outlook (13.02.07)

- During past 24th hours, light to moderate snow fall has occurred at many places over western Himalayan region. Light to moderate rain/thundershowers also occurred at many places over Indo Gangetic plains, central, east and northeast India.
- The western disturbance as an upper air system extending upto mid-tropospheric level lies over Haryana and neighbourhood, an upper air cyclonic circulation at lower tropospheric levels lies over Jharkhand and neighbourhood with a trough extending upto South Chhattisgarh. Under this Scenario, ongoing precipitation activity is likely to continue over Western Himalayan region during next 48 hours and over the plains of northwest India till tomorrow afternoon and decrease thereafter. The rainfall activity over east India is likely to continue upto 14th and over northeastern States upto 15th.
- Minimum temperatures are likely to fall by 2-3 °C over plains of northwest India from 14th onwards. Fog conditions are also likely to develop over the region.
- Lowest night temperature in the plains of the country was 7.8 °C recorded at Adampur in Punjab.

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

- With the likely improvement in weather condition, fall in night temperature and rise in day temperature likely over Indo-Gangetic plains. Fog conditions are also likely to prevail over the region.
- A fresh western disturbance as an upper air system is likely to affect Western Himalayan region.

### Warning:

- Isolated heavy rain accompanied with hail/squall is likely over Bihar, Jharkhand, West Bengal and Orissa during next 48 hours.
- Isolated hail/squall is also likely over northwest India during next 24 hours and over northeastern states during next 48 hours.

**Source:** IMD (GOI)

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