

## GUAR DAILY

February 13<sup>th</sup>, 2007

### SPOT MARKETS:

Guar spot market witnessed weak sentiment during the Monday's trade, where the spot prices of both guar seed and guar gum declined on weak demand. Processors and stockists demand remain silent in the market. The incessant rains and hailstorms, which affected the arrivals on Saturday, revived due to clear weather. Overall arrivals at the major spot markets increased from 8000 to 10000 bags a day. Arrivals stood at 500-700 bags in Bikaner and 200-250 bags in Nokha. Moreover, weakness in the futures market has also affected the spot market sentiment. Prices are expected to remain steady to slightly firm, as removal of VAT is likely to revive the demand.

### FUTURES MARKETS:

NCDEX Guar seed futures observed weak sentiment with bearish undertone. The most active March contract opened weak at Rs. 1935, down by Rs. 3 against the previous close of Rs. 1938 and traded upwards initially and tested a high of Rs. 1942. However, increased selling pressure pulled the futures to trade downwards and finally settled in the positive side. March contract moved in the range of Rs. 1942-1914 per qtl while the February contract moved in the range of Rs. 1903-1877 per qtl. Guar gum February contract fluctuated in the range of Rs. 4759-4658/ctl, while March contract moved in the range of Rs. 4785-4731/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. Fresh 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.	1865	1875	1921	1966	1981
Guar Gum Mar.	4666	4670	4750	4850	4890

### INTRADAY TRADE RECOMMENDATION:

**SELL** NCDEX- March Guar Seed below 1926 with target of 1901 then 1891 Stop loss near 1940.

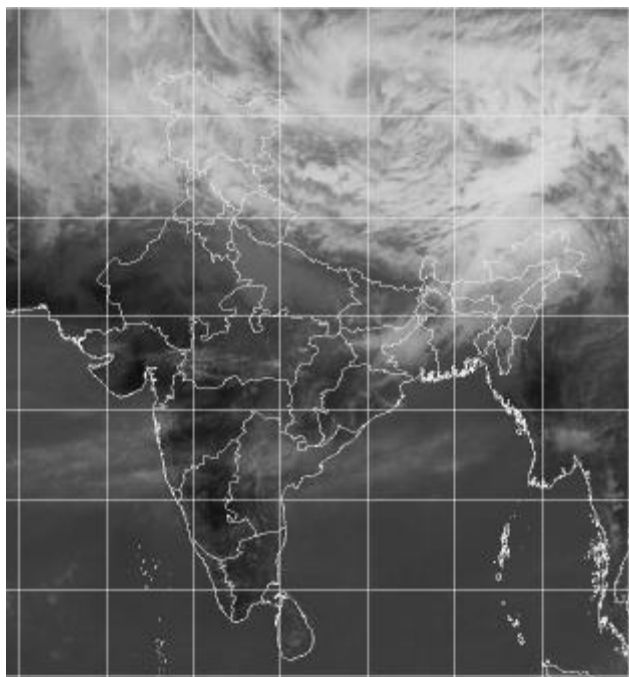
**SELL** NCDEX- March Guar Gum below 4766 with target of 4716 then 4691 Stop loss near 4791.

Do not carry forward the position until the next day.

### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	12.02.07	10.02.07	Change
Guar Seed	Bikaner	1800	1815	-15
	Jodhpur	1910	1930	-20
	Nokha	1745	1780	-35
	Sriganganagar	1710	NA	-
Guar Gum	Jodhpur	4836	4888	-52

## SATELLITE PICTURE OF MONSOON PROGRESS (12.02.07)



### Monsoon Outlook (12.02.07)

- Under the influence of the persistent Western Disturbance, fairly widespread precipitation occurred over Western Himalayan region, Punjab, Haryana Chandigarh, Delhi, Uttar Pradesh, Bihar and Jharkhand during past 24 hours.
- Chief amounts of rainfall (in cms) are: Karnal-10, Daltonganj and Shimla-6 each, Ambala and Chandigarh-5 each, Bahraich and Amritsar-4 each.
- The Current Meteorological Analysis suggests that fairly widespread rain/snowfall is likely over Western Himalayan region during next 48 hours. Rain/thundershowers are also likely at many places over east & northeast India and scattered over plains of northwest India.
- 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 7.9 °C recorded at Ludhiana in Punjab.

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

- Decrease in precipitation activity over entire north, East and northeast India.
- Further fall in night temperature and fog conditions likely over Indo-Gangetic plains

### Hailstorm Warning for Next 48 hours

- Isolated hail/squall is likely over Jammu & Kashmir, Himachal Pradesh, Uttaranchal, Punjab, Chandigarh, Haryana, Delhi, Uttar Pradesh, Bihar, Jharkhand and West Bengal.

**Source:** IMD (GOI)

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