

## GUAR DAILY

October 27<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

Guar sentiments remained firm on some fresh arrivals amidst good demand. The arrivals reported at 40000-50000 bags all over India. Farmers have been looking for higher rate to release their stocks. Futures market is directly influencing the spot prices. In the lower price levels no selling is reported. Increased buying interest at futures is also motivated stockists to increase their stock position. The speculation of higher prices in the coming months mostly playing a vital role in the minds of stockiest as well as big export houses. Millers remained inactive at this price levels. Millers have been waiting for the increase in guar gum price levels further. The arrival is likely to increase in the higher price levels. However, peak arrivals in coming futures might be pressurized the market sentiments.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed some dips on increased selling pressure at the mid session following a firm opening. However increased buying interest at the lower levels recovered the futures and settled green. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1936-1981 per qtl, while the most active December contract moved in the range of Rs. 1975-2032 per qtl. Guar Gum November contract traded in the range of Rs. 4960-5080 per qtl, while the most active December contract moved in the range of Rs. 5061-5200 per qtl.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of higher production about 75-80 lakh bags as against last year 50-55 l. bags

##### Bullish:

2. Good domestic demand amidst some fresh arrivals
3. Farmers unwillingness to release their stocks at lower price levels
4. Increased buying interest at futures market

#### WEATHER IMPACT:

Crop has reached to maturity stage in majority of the growing areas. High moisture in the air is not beneficial for the crop.

#### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	26.10.06	25.10.06	Change
Guar Seed	Bikaner	1850-1870	1830	+40.00
	Jodhpur	1975-2000	1980	+20.00
	Nokha	1830-1850	1820	+30.00
	Sriganganagar	1830-1860	1820-1830	+30.00
Guar Gum	Jodhpur	5170-5252	5150	+102.00

#### TECHNICALS:

Candlestick pattern is indicating bullish sentiment. Buyers mainly dominated the market. The %K line made bullish crossover with the %D line and moving upwards. MACD is in positive territory and moving upwards. Prices closed above 9-day and 18-day EMA. Indicating bullish sentiments.

#### OUTLOOK:

Guar seed is likely to trade upwards initially following a firm opening with possibility of some downward movement later.

#### NCDEX Guar Seed December Contract:



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1985	2002	2024	2066	2085
Guar Gum Dec.	5078	5110	5180	5272	5300

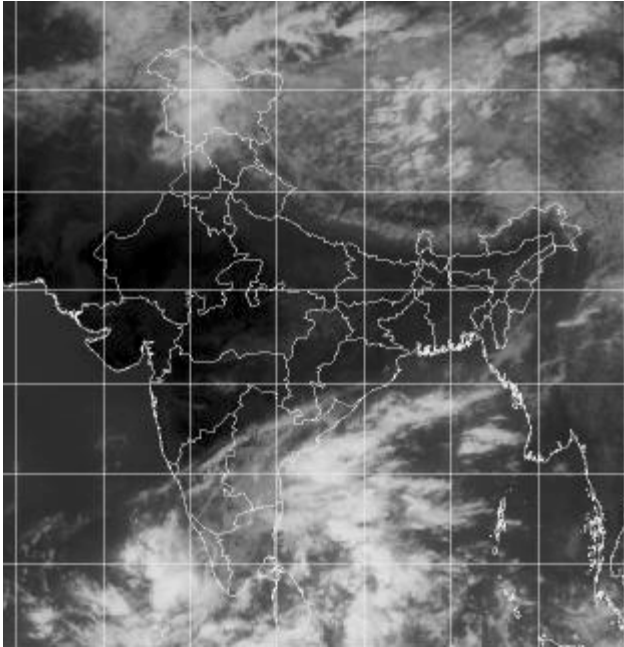
#### INTRADAY TRADE RECOMMENDATION:

**BUY** NCDEX- December Guar Seed above 2015 with target of 2045 then 2060 **Stop loss** at 2000.

**BUY** NCDEX- December Guar Gum above 5140 with target of 5200 then 5230 **Stop loss** at 5110.

**Do not carry forward the position until the next day.**

## SATELLITE PICTURE OF MONSOON PROGRESS (26.10.06)



### Monsoon Outlook (26.10.06)

- Under the influence of an easterly wave, fairly widespread rainfall is likely over south peninsula during next 3-4 days.
- Numerical weather models output suggest formation of low pressure area over southeast Arabian Sea around 27th, which may cause increase in rainfall activity over south peninsula particularly over Tamil Nadu, Kerala and Lakshadweep where isolated heavy rainfall is also likely.

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

- The ongoing rainfall activity over south Peninsula is likely to continue.

Source: GOI (IMD)

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