

GUAR DAILY

October 31st, 2006

GUAR

SPOT MARKETS:

Guar offered steady to somewhat higher prices as compared to previous day. The stockists have been actively purchasing guar seed. The retailers remain silent at higher price levels. The arrival is reportedly decreased to 40,000-50,000 bags because of sharply bearish tone of futures market at previous day. Unwillingness of farmers to release their stocks at lower price levels is reported. Good demand amidst lower arrivals is mainly underpinning the market sentiments. Somewhat bullish nature of futures is also supported the tone. Some traders reported arrivals of medium quality seed. More proportion of guar is mixed with the guar seed. Peak arrivals might be pressurized the market sentiments on the coming days. However, traders are optimistic about rise in guar prices on good demand.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed sharply bearish tone following a weak opening. Increased selling pressure at the higher levels pressurized the futures and settled red. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1871-1931 per qtl, while the most active December contract moved in the range of Rs. 1909-1981 per qtl. Guar Gum November contract traded in the range of Rs. 4746-4920 per qtl, while the most active December contract moved in the range of Rs. 4859-5025 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
3. Farmers unwillingness to release their stocks at lower price levels
4. The arrival is reportedly down to 40,000-50,000 bags from 60,000-65,000 bags earlier
5. Buying interest at futures market

WEATHER IMPACT:

Harvesting of Guar crop in Rajasthan, Haryana and Gujarat is in progress. Weather is mostly conducive for the harvest in the guar growing belts.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	30.10.06	28.10.06	Change
Guar Seed	Bikaner	1780-1800	1800	-
	Jodhpur	1935-1950	1950	-
	Nokha	1805	1795	+10.00
	Sriganganagar	1810	1800	+10.00
Guar Gum	Jodhpur	5070-5100	5044	+56.00

TECHNICALS:

Candlestick pattern is indicating bullish trade. The Stochastic is moving slightly downwards. The % K line made bearish crossover with the %D line and moving downwards. MACD is in positive territory and moving downwards. Prices closed in-between 9-day and 18-day EMA. Indicating sideways sentiment.

OUTLOOK:

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

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1923	1937	1981	1992	2018
Guar Gum Dec.	4862	4904	5025	5050	5087

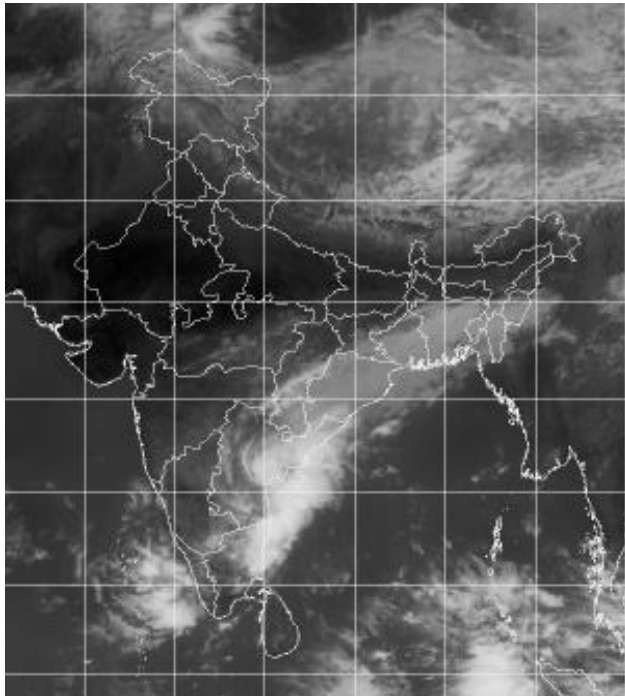
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- December Guar Seed above 1990 with target of 2025 then 2035 Stop loss at 1970.

BUY NCDEX- December Guar Gum above 5035 with target of 5110 then 5150 Stop loss at 4990.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (29.10.06)



Monsoon Outlook (29.10.06)

- The depression over west-central Bay of Bengal moved slightly northwards and intensified into a deep depression. It lay centred at 1430 IST of today, the 29th October near Lat. 15.00 N and Long. 80.50 E, about 50 kms east of Kavali. The system is likely to intensify further. It is likely to move in a northerly direction and cross Andhra Pradesh coast between Bapatla and Kakinada by tonight.
- Under its influence, widespread rainfall with heavy to very heavy falls at a few places is likely over Coastal Andhra Pradesh and also adjoining districts of south Telangana during next 24 hours. Strong winds with speed reaching 65-75 kmph are also likely along and off districts of Coastal Andhra Pradesh during next 24 hours. The state of sea is likely to be very rough to high along and off Andhra Pradesh coast. The fishermen are advised not to venture into sea.
- Yesterday's cyclonic circulation over southeast Arabian Sea off Kerala & Karnataka coasts persists. Under its influence widespread rainfall is likely over southwest peninsula during next 2-3 days.

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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