

GUAR DAILY

October 18th, 2006

GUAR

SPOT MARKETS:

Guar market witnessed a steady to some weak tone on the advice of futures market. The square out interest on the closing of October contract pressurized the futures. No delivery intention for the October contract is reported at NCDEX. The arrival is reportedly 80000-85000 bags in all over India. The fresh arrivals are enjoying mostly the Sriganganagar district of Rajasthan and Haryana. At Jodhpur market the harvesting would be some later part around November. The sentiment might be in pressure with the peak arrivals likely from the coming week. The active buyers are big traders, export house and some millers. The retailers mostly keep themselves at sidelines and have been waiting for the downward tone.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed some upwards trade at the early hours following a firm opening. However, increased profit booking interest at the higher level capped some of the early gains and settled red thereafter. At the NCDEX, Guar Seed November contract traded in the range of Rs. 2005-2041 per qtl, while the most active December contract moved in the range of Rs. 2060-2106 per qtl. Guar Gum November contract traded in the range of Rs. 5145-5249 per qtl, while the most active December contract moved in the range of Rs. 5261-5380 per qtl.

PRICE DRIVERS:

Bearish:

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

Bullish:

3. Decreasing carry forward stocks (about 20 lakh bags) as compared to 40-45 lakh bags last year
4. Good domestic demand

WEATHER IMPACT:

Crop has reached to maturity stage in majority of the growing areas. However, very dry weather as well as dry wind may harm the crops.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	17.10.06	16.10.06	Change
Guar Seed	Bikaner	1940	1950-1960	-10.00
	Jodhpur	2030-2050	2040-2050	-
	Nokha	1900	1920-1940	-10.00
	Sriganganagar	1915	1910-1920	-5.00
Guar Gum	Jodhpur	5100	5100-5150	-

TECHNICALS:

Candlestick pattern is indicating some ease sentiment. Stochastic is in overbought region and moving slightly upwards. MACD is in positive territory and moving upwards. Prices closed above 9-day and 18-day EMA. Indicating sideways movement.

OUTLOOK:

Guar seed is likely to trade up following steady to strong opening with possibility of late downwards movement.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	2030	2048	2070	2117	2130
Guar Gum Dec.	5210	5240	5290	5401	5444

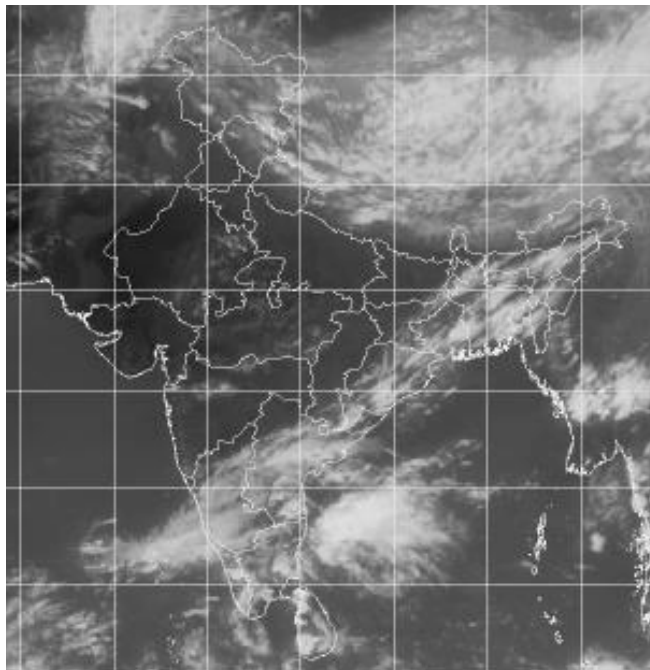
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- December Guar Seed above 2055-2065 with target of 2090 then 2105 **Stop loss** at 2045.

BUY NCDEX- December Guar Gum above 5260-5280 with target of 5320 then 5345 **Stop loss** at 5245.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (17.10.06)



Monsoon Outlook (17.10.06)

- Southwest monsoon has further withdrawn from remaining parts of the Peninsular India, Bay of Bengal & Arabian Sea and thus from the entire country. Conditions are favourable for the commencement of northeast monsoon rains over Tamil Nadu, Kerala and adjoining parts of Andhra Pradesh & Karnataka during next 1-2 days.
- Under the influence of an easterly wave, Fairly widespread rainfall activity is likely over Tamil Nadu & Pondicherry and Kerala during next 2-3 days. Scattered rainfall activity is also likely over Coastal Andhra Pradesh, Rayalaseema and Coastal & South Interior Karnataka during the same period.
- Under the influence of an approaching western disturbance, Western Himalayan region is likely to experience a wet spell commencing from tomorrow for next 2-3 days. Isolated to scattered rain/thundershowers are likely over plains of northwest India during the same period.

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

- Scattered rainfall activity is likely to continue over south peninsula.
- Isolated to scattered rainfall activity is also likely to continue over Western Himalayan Region and plains of northwest India on 21st and decrease thereafter. Decrease in night temperature from 22nd.

Source: GOI (IMD)

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