

GUAR DAILY

October 05th, 2006

GUAR

SPOT MARKETS:

The guar prices remained firm on decreasing carry forward stocks amidst good demand. According to the traders carry forward stock position is lower this time and estimated about to 18-20 lakhs bags. Stockiest are not interested to release their stocks at the present price level. They are optimistic about rising guar prices in coming futures. Good export demand for guar gum is reported from China and America. However, some fresh arrivals at Sriganganagar as well as Haryana is reported. The peak arrivals will be after Diwali in all the major markets.

FUTURES MARKETS:

Guar seed futures at the NCDEX some upward tone following a firm opening on increased buying support. Finally the futures settled at positive territory with marginal gains. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1718-1749 per qtl, while the most active November contract moved in the range of Rs. 1750-1784 per qtl. Guar gum futures at the NCDEX traded with a firm tone following a higher opening. At the NCDEX, Guar Gum October contract traded in the range of Rs. 4350-4440 per qtl, while the most active November contract moved in the range of Rs. 4425-4538 per qtl.

PRICE DRIVERS:

Bearish:

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

Bullish:

2. Decreasing carry forward stocks (about 20 lakhs bags) as compared to 40-45 lakha bags last year
3. Bullish tone at futures
4. Good export demand

WEATHER IMPACT:

Crop has reached pod filling to maturity stage in majority of the growing areas. However, rainfall in this stage is not expected, as the crop needs enough sunshine.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

| Commodity | Centres | 04.10.06 | 03.10.06 | Change |
|-----------|---------------|-----------|----------|--------|
| Guar Seed | Bikaner | 1670 | 1660 | +10.00 |
| | Jodhpur | 1790-1800 | 1780 | +20.00 |
| | Nokha | 1660 | 1650 | +10.00 |
| | Sriganganagar | 1650 | 1650 | - |
| Guar Gum | Jodhpur | 4600 | 4580 | +20.00 |

TECHNICALS:

Candlestick pattern is showing steady to weak opening. Stochastic is in normal region and moving upwards. MACD is in negative territory and moving slightly upwards. Prices closed above 9-day and 18-day EMA. Indicating some bullish trading.

OUTLOOK:

Guar seed is expected to trade downwards initially following a steady to firm opening and some upwards movement later.

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| Guar Seed Nov. | 1717 | 1735 | 1764 | 1811 | 1830 |
| Guar Gum Nov. | 4380 | 4411 | 4485 | 4597 | 4634 |

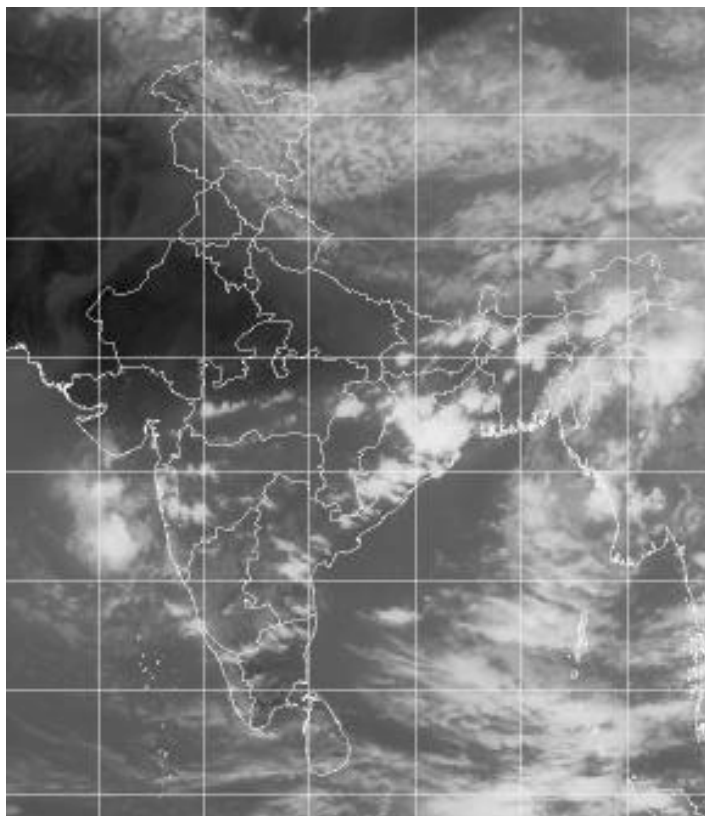
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- November Guar Seed at 1757-1767 with **target** of 1792 then 1807 **Stop loss** at 1732.

BUY NCDEX- November Guar Gum at 4450-4470 with **target** of 4510 then 4535 **Stop loss** at 4435.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (04.10.06)



Monsoon Outlook (04.10.06)

- Yesterday's upper air cyclonic circulation over Madhya Maharashtra now lies over south Konkan & Goa & neighbourhood. It is likely to cause fairly widespread rainfall with isolated heavy to very heavy falls over south Konkan & Goa and Coastal Karnataka during next 48 hours.
- Under the influence of a north-south trough, fairly widespread rainfall with isolated heavy to very heavy falls is also likely over northeastern States during next 2-3 days.

Heavy Rainfall Warning:

- Isolated heavy to very heavy falls are likely over south Konkan & Goa, Coastal Karnataka Andaman & Nicobar Islands and northeastern States.

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

- Scattered to fairly widespread rainfall is likely over northeastern States and along west coast.
- Increase in rainfall activity likely over Tamil Nadu & Pondicherry.

Source: GOI (IMD)

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