

GUAR DAILY

October 10th, 2006

GUAR

SPOT MARKETS:

Firm sentiment is continued at majority of domestic market on good demand from stockiest. Some markets reported no arrivals as stockiest are not interested to release their stocks at the present price level. However, the sharply bullish tone of futures doesn't support the physical market on its own way. The medium quality of guar seed is also restricted the prices to offer higher further. 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. The price will be decreasing tandem with the increase in arrivals.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed upward tone on increased buying support following a firm opening. Finally, the futures settled at positive territory with some gains. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1805-1855 per qtl, while the most active November contract moved in the range of Rs. 1865-1906 per qtl. Guar Gum October contract traded in the range of Rs. 4636-4735 per qtl, while the most active November contract moved in the range of Rs. 4738-4840 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production about 75-80 lakhs bags as against last year 50-55 l. bags
2. Medium quality of guar seed in the physical market

Bullish:

3. Decreasing carry forward stocks (about 20 lakhs bags) as compared to 40-45 lakhs bags last year
4. Buying speculation at futures
5. Good export demand

WEATHER IMPACT:

Crop has reached pod filling 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	09.10.06	07.10.06	Change
Guar Seed	Bikaner	1725-1730	1700-1710	+20.00
	Jodhpur	1875-1880	1860	+20.00
	Nokha	1680-1690	1690	-
	Sriganganagar	1690	1690	-
Guar Gum	Jodhpur	4650	4650	-

TECHNICALS:

Candlestick pattern is showing firm opening. Stochastic is in oversold region and moving slightly upwards. MACD is in positive territory and moving upwards. Prices closed above 9-day and 18-day EMA. Indicating some firm trading.

OUTLOOK:

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

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Nov.	1860	1875	1893	1931	1942
Guar Gum Nov.	4726	4750	4810	4925	4966

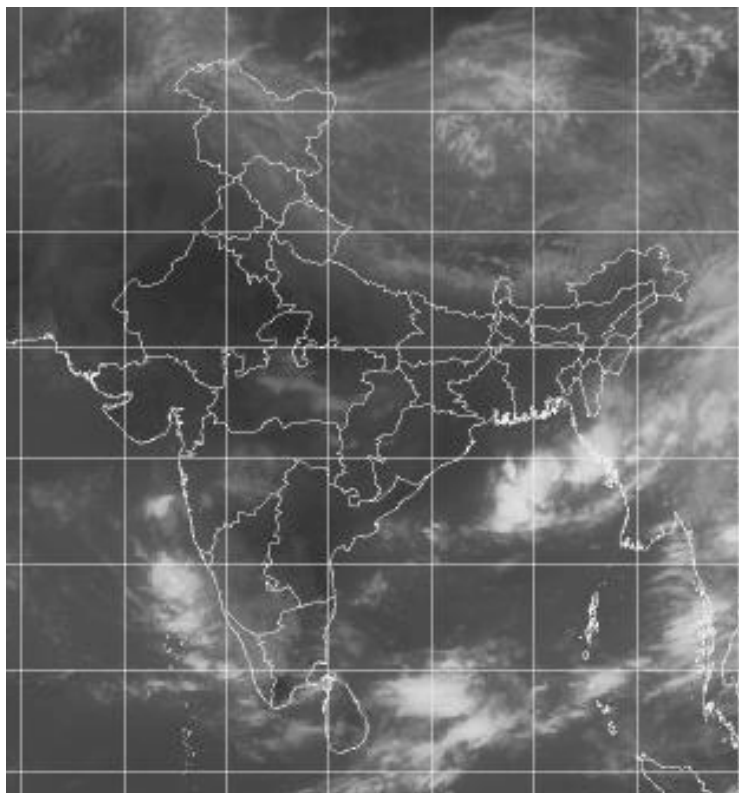
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- November Guar Seed at 1880-1890 with **target** of 1915 then 1930 **Stop loss** at 1870.

BUY NCDEX- November Guar Gum at 4770-4790 with **target** of 4840 then 4870 **Stop loss** at 4750.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (08.10.06)



Monsoon Outlook (08.10.06)

- Morning's upper air cyclonic circulation over east central & adjoining northeast Bay of Bengal extending upto mid-tropospheric level persists. Under its influence, a low pressure area is likely to form within 1-2 days causing increase in rainfall activity over Orissa, Gangetic West Bengal and north Coastal Andhra Pradesh.
- The off-shore trough extending from Karnataka to Kerala coast persists.
- Conditions are favourable for further withdrawal of southwest monsoon from some more parts of west, central and east India during next 48 hours.

Heavy Rainfall Warning:

- Isolated heavy to very heavy falls are likely over Andaman & Nicobar Islands, Coastal Karnataka and Kerala.

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

- Scattered to fairly widespread rainfall activity is likely over south peninsula and along east coast.

Source: GOI (IMD)

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