

GUAR DAILY

October 19th, 2006

GUAR

SPOT MARKETS:

Guar market takes a true U-turn on increasing arrivals at the spots. The arrival is reportedly 80000-85000 bags in all over India. Increased sellers activity at the futures is also supported the downward tone. The major traders of the commodity are more interested to hedge the commodity against the exchanges rather to marketing at spot. 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 further 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 sharply downwards trade following a weak opening. Increased selling interest at higher levels curbed the rallies of the futures and settled red. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1926-2020 per qtl, while the most active December contract moved in the range of Rs. 1968-2065 per qtl. Guar Gum November contract traded in the range of Rs. 4887-5190 per qtl, while the most active December contract moved in the range of Rs. 4997-5280 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 around 80000-85000 bags in all over India
3. Sharply bearish tone at futures market

Bullish:

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.

TECHNICALS:

Candlestick pattern is indicating bearish sentiment. Stochastic is in normal region. % K line after crossing %D line from the above moving downwards. MACD is in positive territory and moving downwards. Prices closed in between 9-day and 18-day EMA. Indicating downward movement.

OUTLOOK:

Guar seed is likely to trade downward following a weak opening with possibility of slight upward movement later.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1900	1915	1979	2004	2020
Guar Gum Dec.	4833	4858	5031	5104	5133

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- December Guar Seed above 1975-1985 with target of 1940 then 1920 **Stop loss** at 2000.

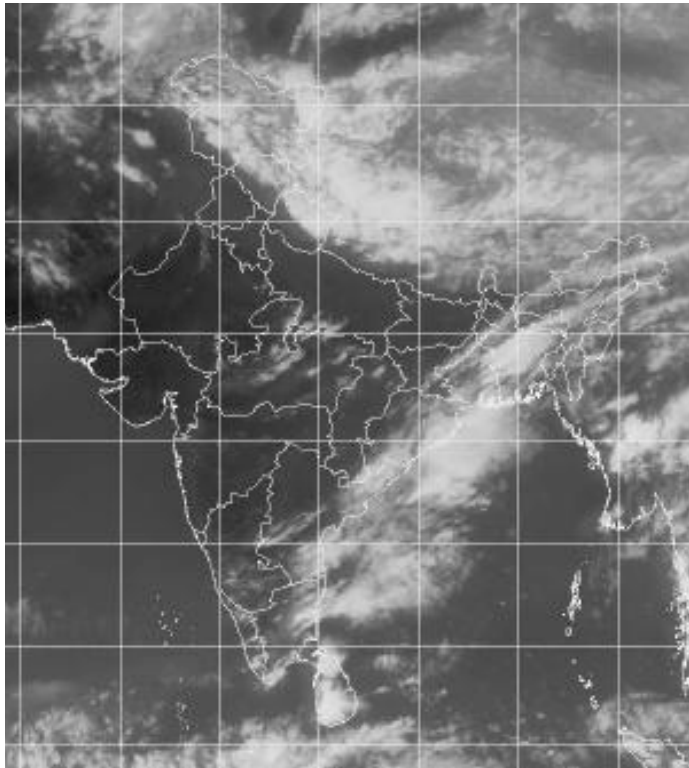
SELL NCDEX- December Guar Gum above 5025-5045 with target of 4975 then 4935 **Stop loss** at 5065.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	18.10.06	17.10.06	Change
Guar Seed	Bikaner	1860	1940	-80.00
	Jodhpur	1940-1960	2030-2050	-90.00
	Nokha	1850	1900	-50.00
	Sriganganagar	1850	1915	-75.00
Guar Gum	Jodhpur	5070-5100	5300	-200.00

SATELLITE PICTURE OF MONSOON PROGRESS (18.10.06)



Monsoon Outlook (18.10.06)

- Under the influence of an approaching western disturbance, scattered rainfall over Western Himalayan region and plains of northwest India is likely to commence from tomorrow for next 2-3 days.

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

- Scattered rainfall activity is likely to continue over south peninsula.
- Fall in night temperature likely over northwest India.

Source: GOI (IMD)

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