

GUAR DAILY

October 17th, 2006

GUAR

SPOT MARKETS:

Guar market witnessed a firm undertone like futures market despite slight higher arrival on Monday. The arrival is reportedly 85000-90000 bags in all over India. The peak arrival is expected in the coming week. However, in Jodhpur market the harvesting would be some later part around November. The price will be decreasing tandem with the increase in arrivals likely from the coming week. The demand of good quality seed is higher among the buyers and thus offers firm. Sriganganagar market is enjoying 3500-4500 bags fresh arrivals. The harvesting is going on in Sriganganagar, Hanumannagar, Churu districts of Rajasthan and Haryana. The harvesting process would be continuing until the end of this month in these areas.

FUTURES MARKETS:

Guar seed futures at the NCDEX observed upwards movement following a strong opening. However, increased profit booking is seen at some upper levels. Finally the futures settled green due to fresh buying interest. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1913-1989 per qtl, while the most active November contract moved in the range of Rs. 1981-2030 per qtl. Guar Gum October contract traded in the range of Rs. 5000-5100 per qtl, while the most active November contract moved in the range of Rs. 5110-5215 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	16.10.06	14.10.06	Change
Guar Seed	Bikaner	1950-1960	1900-1910	+50.00
	Jodhpur	2040-2050	2000-2015	+40.00
	Nokha	1920-1940	1890-1900	+30.00
	Sriganganagar	1910-1920	1890-1900	+20.00
Guar Gum	Jodhpur	5100-5150	5000	+150.00

TECHNICALS:

Candlestick pattern is indicating bullish market. Stochastic is in overbought region and moving upwards. MACD is in positive territory and moving upwards. Prices closed above 9-day and 18-day EMA. Indicating upward movement.

OUTLOOK:

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

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Nov.	1970	2000	2018	2060	2080
Guar Gum Nov.	5050	5120	5195	5250	5300

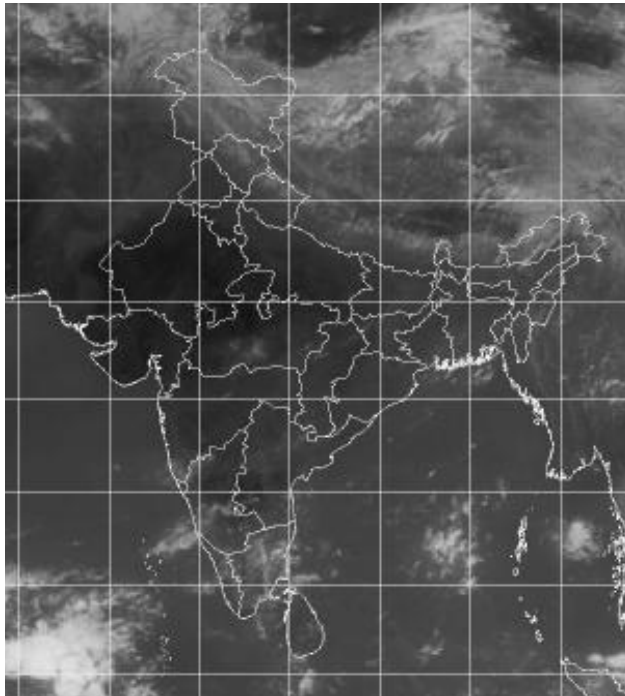
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- November Guar Seed above 2000 with target of 2035 then 2050 **Stop loss** at 1980.

BUY NCDEX- November Guar Gum above 5160 with target of 5230 then 5260 **Stop loss** at 5118.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (16.10.06)



Monsoon Outlook (16.10.06)

- The southwest monsoon has further withdrawn from entire northeastern states, north Bay of Bengal, Some parts of Central Bay of Bengal, remaining parts of Gangetic West Bengal and Orissa, some parts of Coastal Andhra Pradesh, entire Telangana, some parts of Rayalaseema, entire North Interior Karnataka, Madhya Maharashtra, Konkan & Goa, some more parts of central Arabian Sea.
- Under the influence of a western disturbance, scattered rainfall activity is likely to occur over Western Himalayan region during next 48 hours.

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

- The ongoing rainfall activity is likely to continue over extreme south peninsular India.

Source: GOI (IMD)

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