

## GUAR DAILY

October 06<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

The guar prices continued firm on decreasing carry forward stocks amidst good demand. Increased buying interest of stockiest as well as millers is supporting the sentiments. Moreover, sharply bullish tone of futures market is also motivated buyers to hedge it against futures. 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. The peak arrivals will be after Diwali in all the major markets.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed sharply upward tone following a firm opening. Increased buying support lifted the futures and settled much higher with huge profits. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1730-1808 per qtl, while the most active November contract moved in the range of Rs. 1764-1851 per qtl. Guar Gum October contract traded in the range of Rs. 4395-4585 per qtl, while the most active November contract moved in the range of Rs. 4495-4690 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 lakhs 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.

#### TECHNICALS:

Candlestick pattern is showing firm opening. Stochastic is in normal region and moving upwards. MACD is in negative territory and moving upwards. Prices closed above 9-day and 18-day EMA. Indicating some bullish 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.	1802	1816	1843	1890	1909
Guar Gum Nov.	4540	4580	4669	4790	4835

#### INTRADAY TRADE RECOMMENDATION:

**BUY NCDEX- November Guar Seed** at 1820-1830 with **target** of 1855 then 1870 **Stop loss** at 1810.

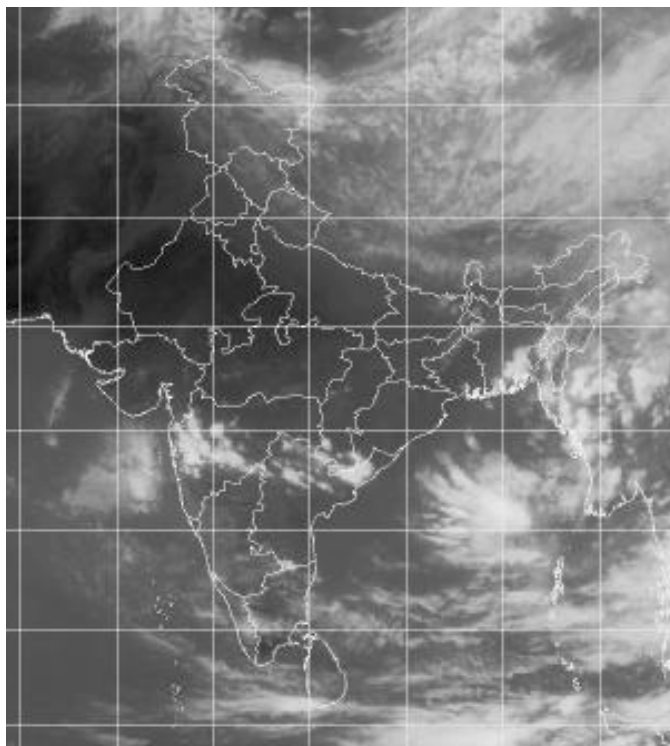
**BUY NCDEX- November Guar Gum** at 4610-4630 with **target** of 4680 then 4710 **Stop loss** at 4590.

**Do not carry forward the position until the next day.**

#### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	05.10.06	04.10.06	Change
Guar Seed	Bikaner	1690	1670	+20.00
	Jodhpur	1800-1810	1790-1800	+10.00
	Nokha	1665	1660	+5.00
	Sriganganagar	1670	1650	+20.00
Guar Gum	Jodhpur	4630-4640	4600	+40.00

## SATELLITE PICTURE OF MONSOON PROGRESS (05.10.06)



### Monsoon Outlook (05.10.06)

- Morning's upper air cyclonic circulation over south Konkan & Goa & neighbourhood persists. It is likely to cause fairly widespread rainfall with isolated heavy falls over south Konkan & Goa and Coastal Karnataka during next 24 hours and decrease thereafter.
- 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 Andaman & Nicobar Islands and northeastern States during next 2-3 days. Isolated heavy rainfall also likely over south Konkan & Goa and Coastal Karnataka during next 24 hours.

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

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

Source: GOI (IMD)

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