

GUAR DAILY

October 07th, 2006

GUAR

SPOT MARKETS:

Fresh buying interest of millers as well as stockiest lifted the prices at some higher level. The decreasing carry forward stocks amidst good domestic as well as export demand supported the sentiments. According to the traders present carry forward stock position is lower this time. 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. The price will be decreasing tandem with the increase in arrivals.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed volatile movements following a firm opening. Increased buying support lifted the futures, however some profit booking at higher levels moderated the gains. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1784-1837 per qtl, while the most active November contract moved in the range of Rs. 1825-1888 per qtl. Guar Gum October contract traded in the range of Rs. 4529-4684 per qtl, while the most active November contract moved in the range of Rs. 4635-4580 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, very dry weather as well as dry wind may harm the crops.

TECHNICALS:

Candlestick has formed spinning top pattern, which shows tentativeness at higher levels. Stochastic is in normal region and moving upwards. MACD has entered into positive territory and moving upwards. Prices closed above 9-day and 18-day EMA, showing firmness to continue.

OUTLOOK:

Guar seed is expected to trade volatile at higher levels.

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Nov.	1788	1813	1862	1892	1913
Guar Gum Nov.	4560	4636	4711	4790	4835

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- November Guar Seed at 1835-1845 with **target** of 1880 then 1992 **Stop loss** at 1815.

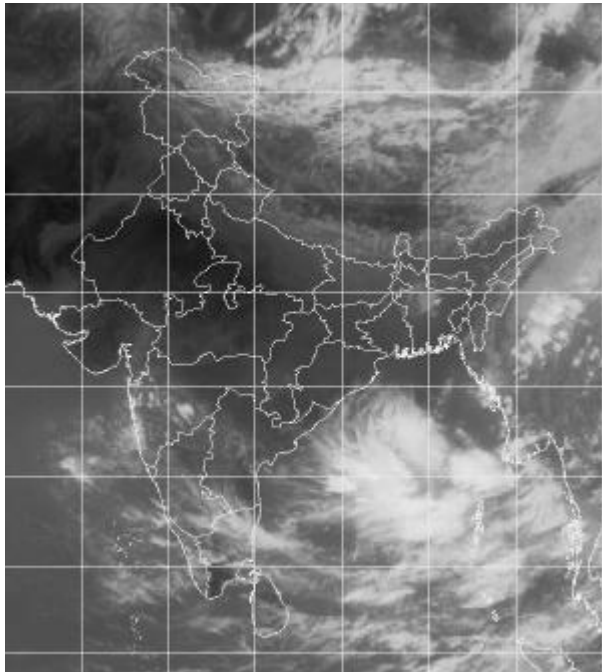
BUY NCDEX- November Guar Gum at 4650-4670 with **target** of 4760 then 4790 **Stop loss** at 4600.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	06.10.06	05.10.06	Change
Guar Seed	Bikaner	1710-1720	1690	+30.00
	Jodhpur	1860-1875	1800-1810	+60.00
	Nokha	1690	1665	+25.00
	Sriganganagar	1700	1670	+30.00
Guar Gum	Jodhpur	4650-4675	4630-4640	+35.00

SATELLITE PICTURE OF MONSOON PROGRESS (06.10.06)



Monsoon Outlook (06.10.06)

- An off-shore trough extends from south Konkan to Karnataka coast. It is likely to cause fairly widespread rainfall with isolated heavy falls over south Konkan & Goa, Coastal Karnataka and Kerala during next 1-2 days.
- A fresh upper air cyclonic circulation extending upto 3.1 Km above sea level has formed over east central & adjoining southeast Bay of Bengal.

Heavy Rainfall Warning:

- Isolated heavy to very heavy falls are likely over Andaman & Nicobar Islands during next 2-3 days. Isolated heavy rainfall also likely over south Konkan & Goa, Coastal Karnataka and Kerala.

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

- Scattered to fairly widespread rainfall is likely over northeastern States, Coastal Karnataka and Kerala.

Source: GOI (IMD)

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