

GUAR DAILY

October 04th, 2006

GUAR

SPOT MARKETS:

The talk in markets about ITC's fresh purchasing of 1000 bags guar seed at Rs..1480-1490 (according to traders) along with Central Govt. initiation of promoting guar gum exports through enhance the production of guar seed, price stabilisation in guar gum, and by creating more SHGs related to guar turned the guar sentiments higher at spots. According to the traders carry forward stock position is lower this time and estimated about to 20 lakhs bags. The domestic demand steady whereas, constant demand for guar gum is reported from China and America. Stockiest are optimistic about rising guar prices in coming futures. However, the fresh arrivals would pressure the market.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a sharply upward tone following a weak opening on increased buying support. The Govt. initiative of promoting guar gum export has also supported the sentiments. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1669-1746 per qtl, while the most active November contract moved in the range of Rs. 1692-1780 per qtl. Guar Gum October contract traded in the range of Rs. 4260-4434 per qtl, while the most active November contract moved in the range of Rs. 4323-4527 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. ITC's fresh purchasing of 1000 bags guar seed
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 fruitful, as the crop needs enough sunshine.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	03.10.06	30.09.06	Change
Guar Seed	Bikaner	1660	1620-1630	+30.00
	Jodhpur	1780	1735	+45.00
	Nokha	1650	1610	+40.00
	Sriganganagar	1650	1610	+40.00
Guar Gum	Jodhpur	4580	4420	+160.00

TECHNICALS:

Candlestick pattern is showing firm opening. Stochastic is in normal region and moving upwards. MACD is in negative territory and moving slightly upwards. Prices closed higher from 9-day and 18-day EMA. Indicating bullish trading.

OUTLOOK:

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

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Nov.	1715	1730	1762	1809	1825
Guar Gum Nov.	4374	4405	4475	4578	4622

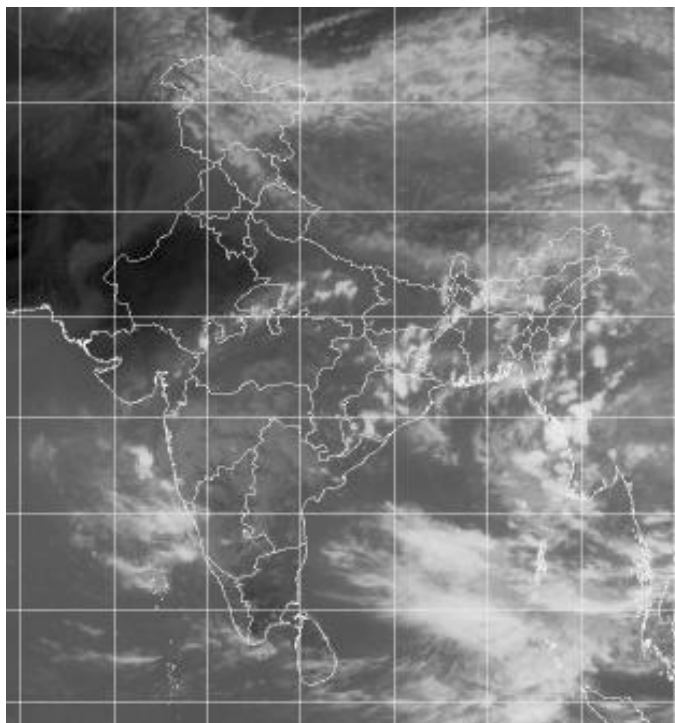
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- November Guar Seed at 1755-1765 with target of 1790 then 1805 **Stop loss** at 1745.

BUY NCDEX- November Guar Gum at 4465-4480 with target of 4522 then 4547 **Stop loss** at 4447.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (03.10.06)



Monsoon Outlook (03.10.06)

- Southwest monsoon has further withdrawn from remaining parts of West Uttar Pradesh & Rajasthan, many parts of East Uttar Pradesh, West Madhya Pradesh & North Gujarat and some parts of Bihar and East Madhya Pradesh. The withdrawal line passes through Raxaul, Allahabad, Bhopal, Vallabha Vidyanagar and Porbandar.
- Yesterday's upper air cyclonic circulation over Marathawada now lies over Madhya Maharashtra & neighbourhood. Under its influence, fairly widespread rainfall with isolated heavy to very heavy falls are likely over south Konkan & Goa and Coastal Karnataka during next 48 hours.

Heavy Rainfall Warning:

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

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

- Decrease in rainfall activity is likely over Konkan & Goa and Coastal Karnataka.
- Fairly widespread rainfall is likely over northeastern States.

Source: GOI (IMD)

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