

GUAR DAILY

October 28th, 2006

GUAR

SPOT MARKETS:

Guar prices mostly remain steady to weak on increased arrivals amidst good demand. The arrival is reportedly increased to 60,000-65,000 bags from 40000-50000 bags during the last couples of days. Some traders reported arrivals of medium quality seed. More proportion of guar is mixed with the guar seed. The active buyers are stockists. The speculation of higher prices in the coming months mostly playing a vital role in the minds of stockiest as well as big export houses. Millers remained inactive at this price levels. Millers have been waiting for the increase in guar gum price levels further so that they can make profit after purchasing the guar seed. The arrival is likely to increase in the higher price levels. Peak arrivals might be pressurized the market sentiments on the coming days. However, traders are optimistic about rise in guar prices on good demand.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed some dips on increased selling pressure at the higher levels following a firm opening. Finally the futures settled red with some losses. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1933-1989 per qtl, while the most active December contract moved in the range of Rs. 1978-2039 per qtl. Guar Gum November contract traded in the range of Rs. 4926-5093 per qtl, while the most active December contract moved in the range of Rs. 5040-5215 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production about 75-80 lakh bags as against last year 50-55 l. bags
2. The arrival is reportedly increased to 60,000-65,000 bags from 40000-50000 bags
3. Arrivals of medium quality guar

Bullish:

4. Good domestic demand
5. Farmers unwillingness to release their stocks at lower price levels

WEATHER IMPACT:

Harvesting of Guar crop in Rajasthan, Haryana and Gujarat is in progress. Weather is mostly conducive for

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.10.06	26.10.06	Change
Guar Seed	Bikaner	1850-1860	1850-1870	-
	Jodhpur	1980-2000	1975-2000	-
	Nokha	1830-1850	1830-1850	-
	Sriganganagar	1830-1850	1830-1860	-
Guar Gum	Jodhpur	5252-5300	5170-5252	-

TECHNICALS:

Candlestick pattern is indicating weak opening and sellers mainly dominate the market. The % K line made bullish crossover with the %D line and moving upwards. MACD is in positive territory and moving slightly downwards. Prices closed above 9-day and 18-day EMA. Indicating sideways movement.

OUTLOOK:

Guar seed is likely to trade some downwards initially following a weak opening and upward movement later.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1940	1949	1984	2011	2026
Guar Gum Dec.	4899	4968	5057	5134	5179

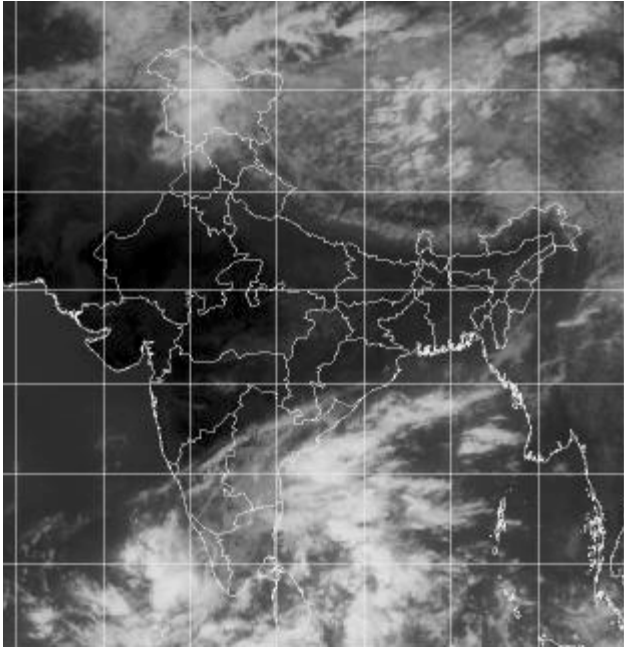
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- December Guar Seed above 1965 with target of 1995 then 2010 Stop loss at 1950.

BUY NCDEX- December Guar Gum above 5010 with target of 5070 then 5100 Stop loss at 4980.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (26.10.06)



Monsoon Outlook (26.10.06)

- Under the influence of an easterly wave, fairly widespread rainfall is likely over south peninsula during next 3-4 days.
- Numerical weather models output suggest formation of low pressure area over southeast Arabian Sea around 27th, which may cause increase in rainfall activity over south peninsula particularly over Tamil Nadu, Kerala and Lakshadweep where isolated heavy rainfall is also likely.

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

- The ongoing rainfall activity over south Peninsula is likely to continue.

Source: GOI (IMD)

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