

GUAR DAILY

November 01st, 2006

GUAR

SPOT MARKETS:

Almost range bound tone is prevailed in spot. Despite the good demand, increasing arrivals mostly control the market sentiments. The arrival is reportedly increased to 70,000-80,000 bags on all India basis. However, in Bikaner as well as Jodhpur market the fresh arrival is somewhat less. The stockists are the active buyers. Millers remain in active at higher price levels. Unwillingness of farmers to release their stocks at lower price levels is reported. Some traders reported arrivals of medium quality seed. More proportion of guar is mixed with the guar seed. The traders closely monitoring the futures market sentiments for further direction. Peak arrivals might be pressurized the market sentiments on the coming days. However, traders are optimistic about rise in guar prices in short period on good demand.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed downward trade initially following a firm opening. Fresh arrival at spot is also underpinning the tone. However, buying interest at lower levels has recovered some of the early losses. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1904-1938 per qtl, while the most active December contract moved in the range of Rs. 1944-1988 per qtl. Guar Gum November contract traded in the range of Rs. 4860-4925 per qtl, while the most active December contract moved in the range of Rs. 4960-5060 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 70,000-80,000 bags

Bullish:

3. Good domestic demand
4. 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 the harvest in the guar growing belts.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	31.10.06	30.10.06	Change
Guar Seed	Bikaner	1815-1820	1780-1800	+20.00
	Jodhpur	1935-1950	1935-1950	-
	Nokha	1805	1805	-
	Sriganganagar	1810	1810	-
Guar Gum	Jodhpur	5100-5140	5070-5100	+40.00

TECHNICALS:

Candlestick pattern is indicating bearish trade. Sellers mainly dominated the trade. The Stochastic is moving downwards. The % K line made bearish crossover with the %D line and moving downwards. MACD is in positive territory and moving downwards. Prices closed in-between 9-day and 18-day EMA. Indicating sideways sentiment.

OUTLOOK:

Guar seed is likely to trade downwards initially following a weak opening with possibility of late upward movement.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1895	1913	1951	1985	2004
Guar Gum Dec.	4860	4900	4965	5060	5100

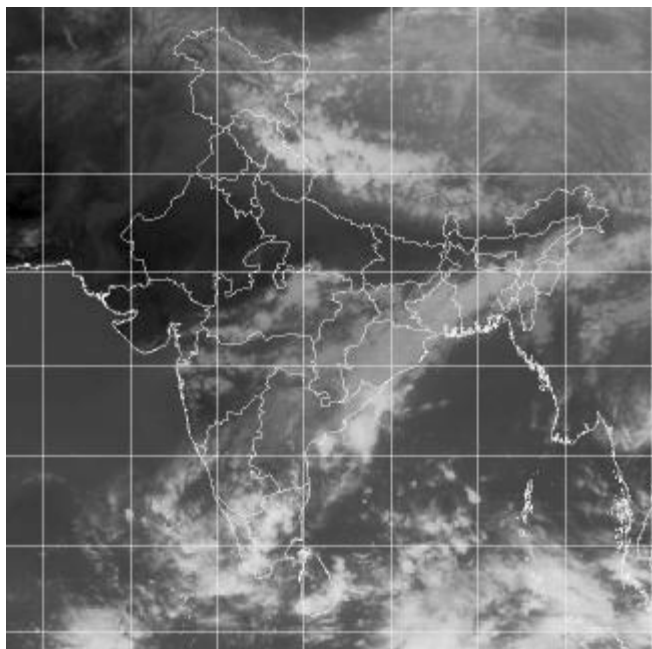
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- December Guar Seed below 1970 with target of 1940 then 1925 Stop loss at 1985.

SELL NCDEX- December Guar Gum below 5010 with target of 4950 then 4920 Stop loss at 5040.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (31.10.06)



Monsoon Outlook (31.10.06)

- During past 24 hours, widespread rainfall with heavy to very heavy falls at a few places and isolated extremely heavy falls (>25 cm) occurred over north Coastal Andhra Pradesh. Chief amounts of rainfall (cm) are: Machilipatnam-34, Narsapur-22, Gannavaram-19, Bapatla-12, Kakinada & Karipur 7 each and Kozhikode-5.
- With the weakening of yesterday's depression, intensity of rainfall over south peninsula is likely to decrease considerably from today onwards.
- However, under the influence of trough of low pressures, fairly widespread rainfall with isolated heavy falls is still likely over north Coastal Andhra Pradesh, Kerala and Nicobar Islands during next 1-2 days.

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

- Scattered rainfall activity is likely over south peninsula.

Source: GOI (IMD)

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