

GUAR DAILY

November 06th, 2006

GUAR

SPOT MARKETS:

Guar seed prices recovered at late hour of trading following an earlier weak sentiment at the domestic spot market due to fresh buying demand at lower level and slight upward market sentiment at the futures market. The average intake of the market is reported to be steady around 60,000-70,000 bags on all over India. Continuous inflow of fresh arrivals amidst good demand is ruling the market sentiments. The fresh arrival is improving at Nokha and Bikaner market but the market was stable. The stockists are the active buyers. Peak arrivals might be pressurized the market sentiments on the coming days. There was rumour that NAFED is expected to procure guar seed from open market of Sriganganagar but the news is not confirmed. Traders are optimistic about recovery in guar prices in short period on good demand.

FUTURES MARKETS:

Guar seed futures at the NCDEX settled slight up on range bound trading activity following a firm opening. However, profit booking at higher level and lack of fresh buying interest pulled down the prices at late hour. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1915-1942 per qtl, while the most active December contract moved in the range of Rs. 1954-1985 per qtl. Guar Gum November contract traded in the range of Rs. 4901-4950 per qtl, while the most active December contract moved in the range of Rs. 4995-5058 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 about 60,000-70,000 bags

Bullish:

3. Increasing demand at lower price levels
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

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.11.06	03.11.06	Change
Guar Seed	Bikaner	1840-1845	1840-1845	-
	Jodhpur	1925	1950	-25.00
	Nokha	1800-1820	1800-1820	-
	Sriganganagar	1780	1780	-
Guar Gum	Jodhpur	5025-5050	5050-5075	-25.00

TECHNICALS:

Candlestick pattern is hinting to indecisive market. The Stochastic is moving upwards. The %K line is going up after made a bullish cut with %D line at neutral region. MACD is in positive territory and indicating steady market as medium terms. Prices closed above 9-day and 18-day EMA. Indicating bullish sentiment.

OUTLOOK:

Guar seed is likely to remain firm following a weak opening with possibility of late downward movement.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1925	1940	1965	1995	2010
Guar Gum Dec.	4925	4950	5010	5060	5090

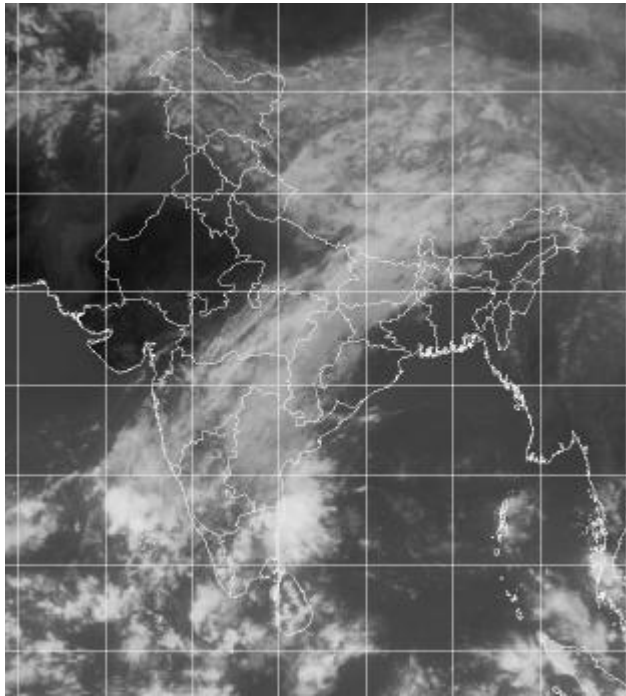
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- December Guar Seed below 1990 with target of 1960 then 1940 Stop loss at 2010.

SELL NCDEX- December Guar Gum below 5050 with target of 5000 then 4975 Stop loss at 5080.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (04.11.06)



Monsoon Outlook (04.11.06)

- Under the influence of easterly wave, scattered to fairly widespread rainfall is likely to continue over south Peninsula during next 2-3 days.
- The trough in mid tropospheric westerlies extends from East Uttar Pradesh to southeast Arabian sea, which is likely to cause isolated to scattered rainfall over parts of east India and adjoining parts of central India.
- Night temperatures are 3-5° C above normal over many parts of central India and 2-4° C above normal over northwest India. However they are likely to fall over northwest India due to likely prevalence of northerly winds.

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

- Rainfall activity is likely to increase over south peninsula and Coastal Andhra Pradesh.

Source: GOI (IMD)

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