

GUAR DAILY

November 04th, 2006

GUAR

SPOT MARKETS:

Guar seed offers steady to higher prices in the domestic market. More purchasing activities at lower price levels recovered the prices to some extent. Moreover, late hours bullish sentiments at futures market has also increased buyers activity at spot. The arrival is reportedly steady about 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. The stockists are the active buyers. Peak arrivals might be pressurized the market sentiments on the coming days. There is a talk in the market that NAFED is likely to purchase guar seed from open market of Sriganganagar. NAFED's purchasing in the coming days would be support the market at the lower levels. Traders are optimistic about recovery in guar prices in short period on good demand.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed southwards trade initially following a firm opening. However, increased buying interest at lower levels supported the futures and traded upwards thereafter. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1867-1929 per qtl, while the most active December contract moved in the range of Rs. 1901-1971 per qtl. Guar Gum November contract traded in the range of Rs. 4755-4927 per qtl, while the most active December contract moved in the range of Rs. 4850-5025 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 the harvest in the guar growing belts.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	03.11.06	02.11.06	Change
Guar Seed	Bikaner	1815-1835	1790-1800	+35.00
	Jodhpur	1950	1900-1915	+35.00
	Nokha	1800-1820	1780	+40.00
	Sriganganagar	1780	1780-1790	-
Guar Gum	Jodhpur	5050-5075	5050	+25.00

TECHNICALS:

Candlestick pattern is indicating bullish trade. Buyers at lower levels have recovered the futures. The Stochastic is moving slightly upwards. The %K line is likely to cross the %D line from the below. MACD is in positive territory and moving upwards indicating firm tone at medium terms. Prices closed above 9-day and 18-day EMA. Indicating bullish sentiment.

OUTLOOK:

Guar seed is likely to trade upwards initially following a firm opening with possibility of late downward movement.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1931	1941	1965	2011	2031
Guar Gum Dec.	4914	4948	5005	5109	5155

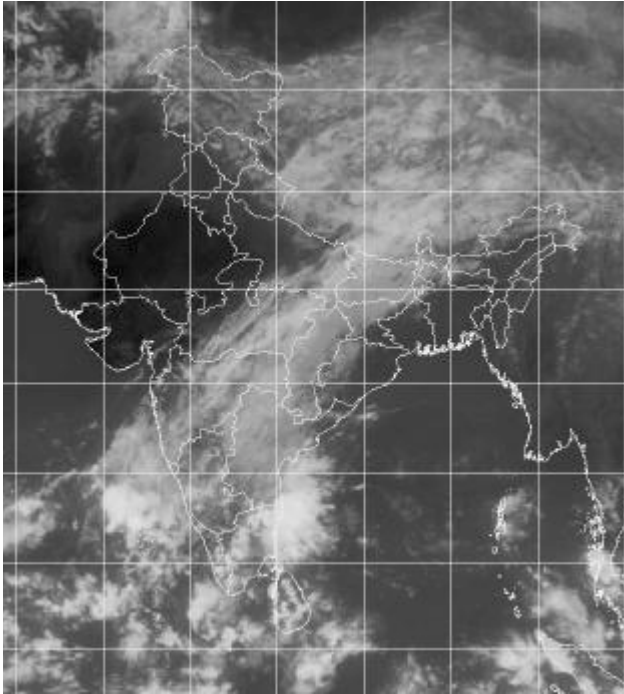
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- December Guar Seed above 1957 with target of 1987 then 2002 **Stop loss** at 1942.

BUY NCDEX- December Guar Gum above 4987 with target of 5047 then 5077 **Stop loss** at 4957.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (03.11.06)



Monsoon Outlook (03.11.06)

- Under the influence of easterly wave, scattered to fairly widespread rainfall is likely to continue over south Peninsula during next 3-4 days.
- Under the influence of a trough in mid tropospheric westerlies extending from west Uttar Pradesh to east central Arabian sea, isolated to scattered rainfall is also likely over parts of east India and adjoining parts of central India.
- Night temperatures are 3-5° C above normal over many parts of north & central India. However they are likely to fall over northwest India from 4th onwards due to likely prevalence of northerly winds.

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

- Ongoing rainfall activity is likely to continue over south peninsula, adjoining Maharashtra and also over parts of east India.

Source: GOI (IMD)

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