

GUAR DAILY

November 21st, 2006

GUAR

SPOT MARKETS:

Guar spot market remains firm on good demand amidst steady arrivals. The arrival is reportedly about 50,000 bags in all over India. Moreover, the bullish tone at futures market is also underpinning the spot market tone. The fresh arrivals are increasing at Jodhpur and Bikaner market. Traders are expected higher production this time as against previous year. However, the total production is likely to lower from the previous expectation. The stockists are the active buyers. Millers make themselves at sidelines, as they really can't afford to the price levels. The farmers are interested in releasing their stocks slowly. Speculation of bullish sentiments in medium term is playing a vital role among farmers.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with bullish tone following a firm opening. Increased buying interest on the speculation of hike in prices in the coming days supported the futures. Finally the futures settled green with some gains. At the NCDEX, Guar Seed December contract traded in the range of Rs. 1993-2030 per qtl, while the most active January contract moved in the range of Rs. 2045-2082 per qtl. At the NCDEX, Guar Gum December contract traded in the range of Rs. 5110-5189 per qtl, while the most active January contract moved in the range of Rs. 5215-5320 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production as compared to previous year
2. Thin trading activities at futures

Bullish:

3. Farmers unwillingness to release their stocks at lower price levels
4. Good stockists demand amidst steady arrivals
5. Anticipation of lower production from early expectation

WEATHER IMPACT:

Harvesting of Guar crop in Rajasthan, Haryana and Gujarat is in peak progress. Weather is mostly conducive for the harvest in the guar growing belts.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.11.06	18.11.06	Change
Guar Seed	Bikaner	1910	1890-1900	+10.00
	Jodhpur	1975-2000	1950-1970	+30.00
	Nokha	1850	1840	+10.00
	Sriganganagar	1840-1850	1840	+10.00
Guar Gum	Jodhpur	5150	5100	+50.00

TECHNICALS:

Candlestick pattern is hinting somewhat firm sentiments. Sellers mainly dominated the market at higher levels. The stochastic is in normal region and moving slightly upwards. MACD is in positive territory and moving upwards. Prices closed much above 9-day and 18-day EMA. Indicating sideways sentiment.

OUTLOOK:

Guar seed is likely to move upwards following a steady to weak opening with possibility of late downwards movement.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2019	2030	2058	2080	2087
Guar Gum Jan.	5140	5160	5236	5270	5286

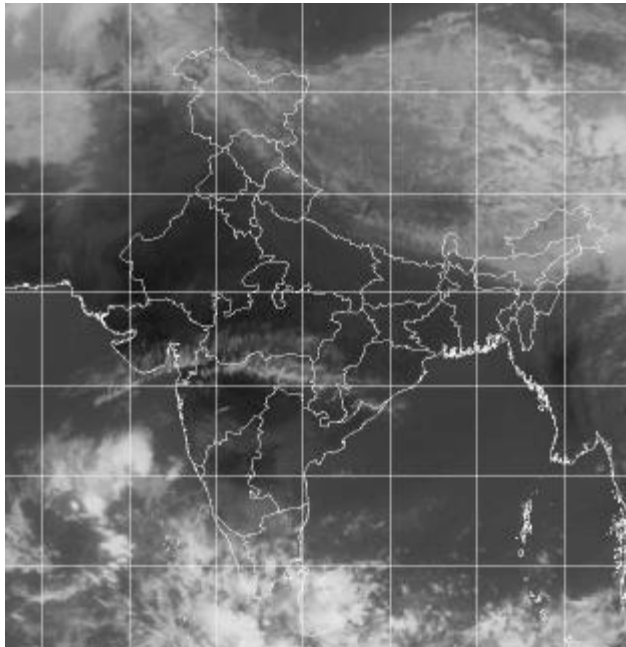
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2045 with target of 2070 then 2082 **Stop loss** at 2030.

BUY NCDEX- January Guar Gum above 5190 with target of 5240 then 5270 **Stop loss** at 5160.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (20.11.06)



Monsoon Outlook (20.11.06)

- Night temperatures are prevailing between 14-16 °C over plains of northwest and adjoining central India. They are 3-6 °C above normal over these regions.
- Under the influence of an approaching western disturbance, Western Himalayan region is likely to experience a wet spell commencing from 21st evening for next 48 hrs. Adjoining plains of Punjab & north Haryana and Chandigarh are also likely to receive Isolated/scattered rain/thundershowers during 22nd & 23rd.

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

- Fall in night temperatures over plains of northwest and central India.

Source: GOI (IMD)

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