

GUAR DAILY

November 28th, 2006

GUAR

SPOT MARKETS:

Guar sentiments are spiraling up at the physical market on the context of increased demand amidst lower arrivals. The arrivals are reportedly declined to about 45,000-50,000 bags a day from the peak of 60,000 bags a day before earlier part of last week. According to the trade sources the country's production of guar seed is estimated to be higher around 70 lakh bags as against previous year production of 50 lakh bags. However the early expectation of current production is higher about more than 80 lakh bags. The stockists remain the active buyers. The export demand is steady but likely to increase in the coming future on the sharply declining stocks of Pakistan. This might push the prices further up. However, the lower demand is witnessing from millers as well as textile industries so far. But the demand will emerge, as the industry will start purchasing.

FUTURES MARKETS:

Guar seed futures at the NCDEX scaled new peak on increased buying support following a firm opening. The January contract has increased by Rs. 32 per qtl. However, increased profit booking interest at higher levels capped some of the early advances. At the NCDEX, Guar Seed December contract traded in the range of Rs. 2107-2136 per qtl, while the most active January contract moved in the range of Rs. 2159-2189 per qtl. Guar Gum December contract traded in the range of Rs. 5352-5433 per qtl, while the most active January contract moved in the range of Rs. 5466-5565 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production as compared to previous year

Bullish:

2. Farmers unwillingness to release their stocks at lower price levels
3. Good stockists demand amidst comparatively lower arrivals
4. Anticipation of higher export in the coming days

WEATHER IMPACT:

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

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.11.06	25.11.06	Change
Guar Seed	Bikaner	1990-2010	2000	+10
	Jodhpur	2090-2120	2060-2075	+45
	Nokha	1880-1900	1870-1880	+20
	Sriganganagar	1910-1930	1920	+10
Guar Gum	Jodhpur	5400	5300	+100

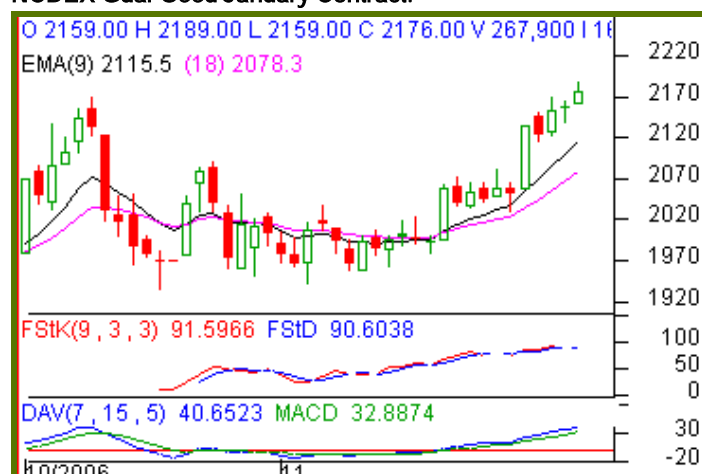
TECHNICALS:

Candlestick pattern is hinting some firm sentiments. Buyers mainly dominated the market. The stochastic is in overbought region and moving slightly upwards. MACD is in positive territory and moving upwards. Prices closed much above 9-day and 18-day EMA. Indicating firm tone.

OUTLOOK:

Guar seed futures are likely to move upwards initially following a firm opening with possibility of late downwards movement on some technical correction.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2131	2143	2176	2200	2218
Guar Gum Jan.	5391	5442	5518	5590	5620

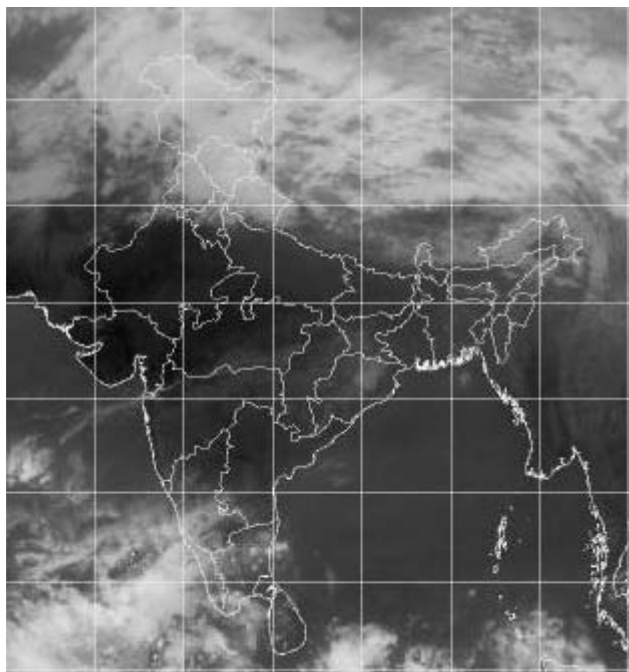
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2160 with target of 2185 then 2197 Stop loss below 2145.

BUY NCDEX- January Guar Gum above 5480 with target of 5540 then 5570 Stop loss below 5450.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (27.11.06)



Monsoon Outlook (27.11.06)

- Day temperatures are 2-4°C below normal over northwest and central India. Night temperatures are also below normal by 1-3°C.
- A feeble western disturbance is moving across western Himalayan region. Under its influence both day & night temperatures are likely to increase by 2-3°C over northwest and central India during next 48 hrs thus becoming near normal.
- Lowest night temperature of 3.5°C was recorded in the plains of country, at Nanaur in Haryana.

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

- Another western disturbance is likely to affect northwest India from 2nd December onwards.

Source: GOI (IMD)

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