

GUAR DAILY

November 20th, 2006

GUAR

SPOT MARKETS:

Steady sentiment is continued at guar spot market on good demand amidst some fresh arrivals. The arrival is reportedly 50,000 bags in all over India. The fresh arrivals are increasing at Jodhpur and Bikaner market. The harvesting is in peak progress and likely to end within a short period. Traders are expected higher production this time as against previous year. However, the total production is likely to lower from the previous expectation. Some thin trading activities at futures market somewhat restricted the spot market activities. 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 bearish tone following a firm opening. Increased selling interest at higher level has pressurized the futures. Finally the futures settled lower near day's low with some losses. At the NCDEX, Guar Seed December contract traded in the range of Rs. 1990-2014 per qtl, while the most active January contract moved in the range of Rs. 2040-2064 per qtl. Guar Gum December contract traded in the range of Rs. 5096-5173 per qtl, while the most active January contract moved in the range of Rs. 5204-5270 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

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	18.11.06	17.11.06	Change
Guar Seed	Bikaner	1890-1900	1900	-
	Jodhpur	1950-1970	1950-1975	-
	Nokha	1840	1840-1850	-
	Sriganganagar	1840	1840-1850	-
Guar Gum	Jodhpur	5100	5100	-

TECHNICALS:

Candlestick pattern is hinting weak sentiments. Sellers mainly dominated the market at higher levels. The stochastic is in normal region and moving slightly downwards. 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 some downwards initially following a steady to firm opening and upward movement thereafter.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2008	2018	2045	2071	2085
Guar Gum Jan.	5140	5160	5212	5260	5286

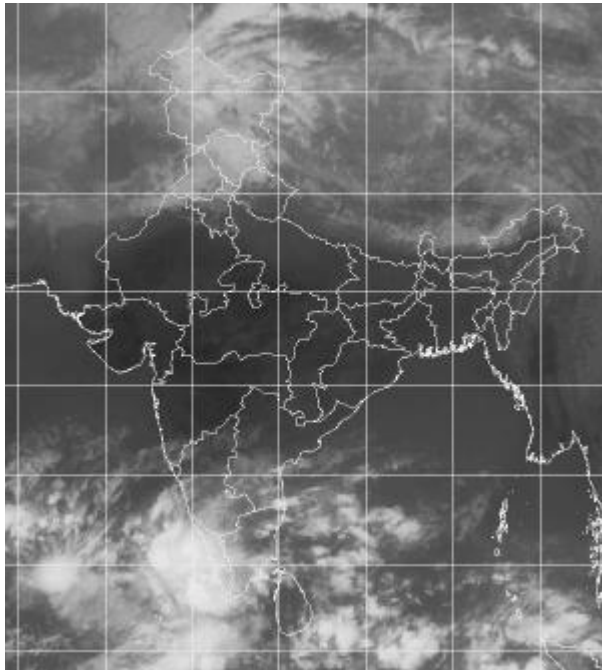
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2030 with target of 2055 then 2067 **Stop loss** at 2015.

BUY NCDEX- January Guar Gum above 5180 with target of 5230 then 5255 **Stop loss** at 5155.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (18.11.06)



Monsoon Outlook (18.11.06)

- Fairly widespread rainfall activity over extreme south peninsula is likely to continue during next 48 hours.
- Night temperatures are 3-6 °C above normal over plains of northwest India. They are likely to fall by 2-3 °C over the region during next 2 days due to eastwards movement of western disturbance from Jammu & Kashmir.

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

- A fresh western disturbance is likely to affect western Himalayan region and adjoining plains.

Source: GOI (IMD)

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