

GUAR DAILY

November 29th, 2006

GUAR

SPOT MARKETS:

Guar sentiments eased somewhat at the physical markets on the context of steady demand supply scenario. The arrivals are reportedly steady at about 45,000-50,000 bags a day. Moreover, the bearish tone at futures market has pressurized the spot market sentiments. 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 export demand is steady but likely to increase in the coming future on the sharply declining stocks of Pakistan. This might support the sentiments. 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 is traded slightly upwards initially. However, profit-booking activities at higher levels push down the futures and traded downwards thereafter. Finally the futures settled red with some losses. At the NCDEX, Guar Seed December contract traded in the range of Rs. 2088-2125 per qtl, while the most active January contract moved in the range of Rs. 2140-2182 per qtl.. Guar Gum December contract traded in the range of Rs. 5297-5390 per qtl, while the most active January contract moved in the range of Rs. 5415-5529 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	28.11.06	27.11.06	Change
Guar Seed	Bikaner	1980	1990-2010	-20
	Jodhpur	2060	2090-2120	-60
	Nokha	1900	1900-1930	-30
	Sriganganagar	1900	1910-1930	-30
Guar Gum	Jodhpur	5300-5350	5400	-50

TECHNICALS:

Candlestick pattern is hinting some sideways sentiments. Buyers activity has increased at lower price levels. The stochastic is in overbought region and moving slightly downwards. MACD is in positive territory and moving slightly downwards. Prices closed much above 9-day and 18-day EMA. Indicating sideways tone.

OUTLOOK:

Guar seed futures are likely to move downwards initially following a weak opening and upward movement thereafter.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2120	2135	2158	2190	2208
Guar Gum Jan.	5350	5390	5457	5570	5600

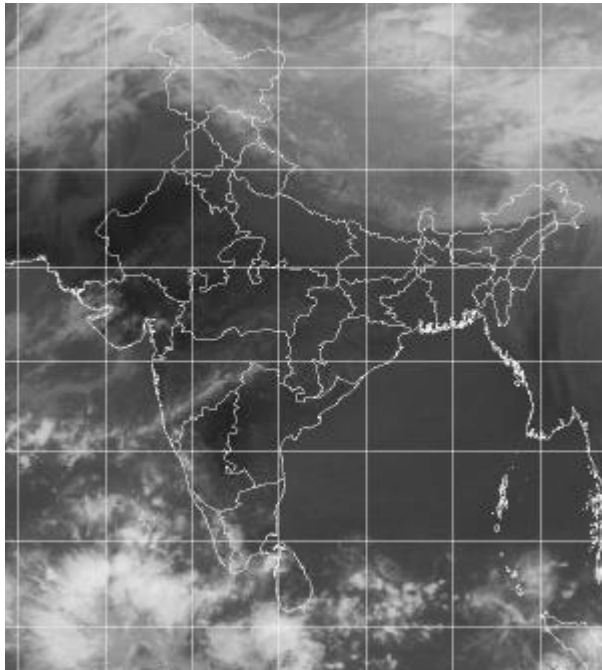
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2145 with target of 2170 then 2182 **Stop loss** below 2130.

BUY NCDEX- January Guar Gum above 5410 with target of 5470 then 5500 **Stop loss** below 5380.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (28.11.06)



Monsoon Outlook (28.11.06)

- Night temperatures are below normal by 2-3°C over the Indo-Gangetic plains. Current meteorological analysis suggests no significant change in night temperatures over these areas during next 2-3 days.
- Lowest night temperature in the plains of the country was 3.1°C recorded at Ludhiana in Punjab.

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

- A fresh western disturbance is likely to affect northwest India from 3rd December onwards.

Source: GOI (IMD)

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