

GUAR DAILY

November 03rd, 2006

GUAR

SPOT MARKETS:

Guar tone remains steady to weak at domestic market. The arrival is reportedly steady about 65,000-70,000 bags on all over India. Continuous inflow of fresh arrivals amidst good demand is mainly driving the market sentiments. Moreover, selling activities at futures market is also pressurizing the spot market tone. However, in Bikaner as well as Jodhpur market the fresh arrival is somewhat less. The stockists are the active buyers. Millers remain inactive at higher price levels. Peak arrivals might be pressurized the market sentiments on the coming days. There is a rumor 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 northwards trade initially following a weak opening. However, selling pressure at higher levels curbed the early gains and slid down the futures at much lower levels. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1882-1915 per qtl, while the most active December contract moved in the range of Rs. 1920-1958 per qtl. Guar Gum November contract traded in the range of Rs. 4805-4894 per qtl, while the most active December contract moved in the range of Rs. 4898-4989 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 65,000-70,000 bags

Bullish:

3. Good domestic demand
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	02.11.06	01.11.06	Change
Guar Seed	Bikaner	1790-1800	1790-1800	-
	Jodhpur	1900-1915	1930-1940	-30.00
	Nokha	1780	1780-1790	-
	Sriganganagar	1780-1790	1790	-
Guar Gum	Jodhpur	5050	5070-5100	-20.00

TECHNICALS:

Candlestick pattern is indicating bearish trade. Sellers mainly dominated the trade. The Stochastic is moving downwards. The %K line has made bearish crossover with the %D line. MACD is in positive territory and moving downwards indicating weak tone at medium terms. Prices closed below 9-day and 18-day EMA. Indicating weak sentiment.

OUTLOOK:

Guar seed is likely to trade downwards initially following a weak opening with possibility of late upward movement.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1878	1894	1928	1955	1962
Guar Gum Dec.	4770	4822	4923	4990	5002

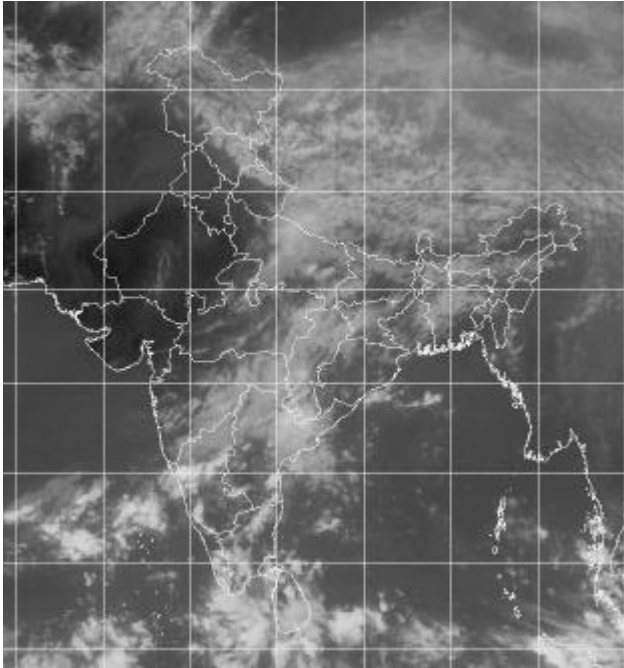
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- December Guar Seed below 1940 with target of 1910 then 1895 Stop loss at 1955.

SELL NCDEX- December Guar Gum below 4955 with target of 4895 then 4865 Stop loss at 4985.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (02.11.06)



Monsoon Outlook (02.11.06)

- The night temperatures continue to be above normal by about 2-4 °C over many parts of north and central India except north Rajasthan, north Chhattisgarh and adjoining East Madhya Pradesh where they are markedly above normal by about 5-6 °C.
- The current meteorological analysis suggests fall in night temperatures over these regions after 48 hours.

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

- Scattered rainfall activity is likely over extreme south peninsula.
- Weather is likely to clear over east and central India.

Source: GOI (IMD)

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