

GUAR DAILY

November 23rd, 2006

GUAR

SPOT MARKETS:

Guar offers some higher prices at spot market as compared to previous day on the advice of sharply bullish tone at futures market. Good demand from stockists as well as export houses in the context of somewhat lower arrivals is mainly supporting the tone. The arrival is reportedly about 40,000-50,000 bags in all over India. Everybody related to guar trading are optimistic about the tight sentiment of guar. According to the traders in Rajasthan the total production in the current year 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 looking forward for sharply bullish tone at coming future.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with downward tone initially following a firm opening. However, at lower levels buyers got activated and recovered the futures from the early weakness. Finally the futures settled red. At the NCDEX, Guar Seed December contract traded in the range of Rs. 1985-2017 per qtl, while the most active January contract moved in the range of Rs. 2029-2066 per qtl. Guar Gum December contract traded in the range of Rs. 5060-5150 per qtl, while the most active January contract moved in the range of Rs. 5150-5270 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 lower production from early expectation
5. Speculative buying at futures market

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	22.11.06	21.11.06	Change
Guar Seed	Bikaner	1940-1950	1900-1910	+40.00
	Jodhpur	2040-2050	1950-1975	+75.00
	Nokha	1890-1910	1840-1850	+60.00
	Sriganganagar	1915	1840-1850	+65.00
Guar Gum	Jodhpur	5200-5250	5100-5150	+100.00

TECHNICALS:

Candlestick pattern is hinting bullish sentiments. Buyers mainly dominated the market. The stochastic is in overbought region and moving upwards. The %K line has made bullish crossover with the %D line. MACD is in positive territory and moving upwards. Prices closed much above 9-day and 18-day EMA. Indicating firm tone.

OUTLOOK:

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

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2100	2110	2135	2174	2190
Guar Gum Jan.	5350	5375	5440	5516	5528

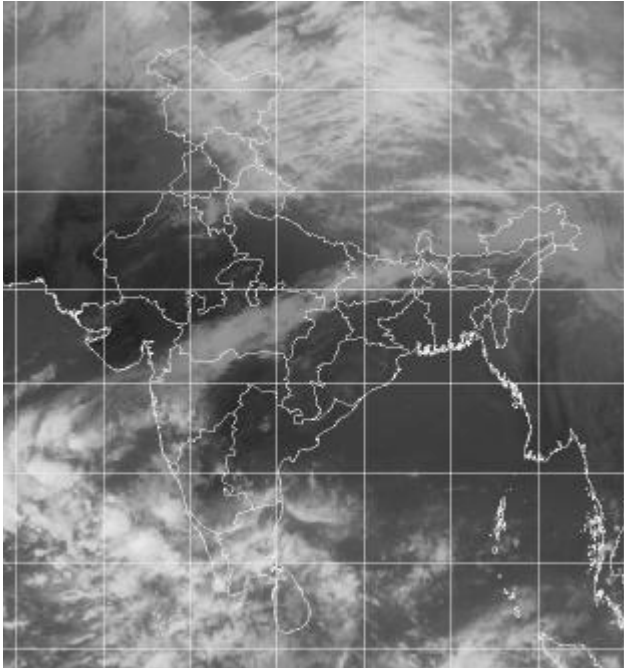
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2125 with target of 2155 then 2170 **Stop loss** at 2110.

BUY NCDEX- January Guar Gum above 5410 with target of 5480 then 5515 **Stop loss** at 5375.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (22.11.06)



Monsoon Outlook (22.11.06)

- Light to moderate rain/snow occurred at many places over western Himalayan region during past 24 hours, due to the western disturbance which is currently located over Jammu & Kashmir and adjoining Himachal Pradesh. Scattered rainfall also occurred over Punjab. The ongoing precipitation activity is likely to continue for another 24 hours and decrease thereafter. There is also possibility of scattered hailstorm over Himachal Pradesh and Uttaranchal and isolated over Punjab and north Haryana during next 24 hrs. Subsequently with the eastward movement of western disturbance, minimum temperature are likely to fall by 2-4 °C over northwest India from tomorrow onwards.

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

- Scattered rainfall activity is likely over extreme south peninsula.

Source: GOI (IMD)

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