

GUAR DAILY

November 25th, 2006

GUAR

SPOT MARKETS:

Guar sentiments remain firm at the physical market on increased demand amidst steady arrivals. The arrival is reportedly 45,000-50,000 bags in all over India. Moreover, sharply bullish tone at futures market is also underpinning the physical market sentiments. The stockists are actively purchasing guar at the present price levels. Speculation of higher prices in the coming futures motivated them to increase their stock position. The current price levels in different major markets of guar are higher as against the corresponding period of the last year. Export demand is remained steady so far but likely to increase in the coming days. Farmers are very cautious about releasing their stocks. They are looking forward for sharply bullish tone at coming future.

FUTURES MARKETS:

Guar seed futures at the NCDEX was bullish following a firm opening. Increased buying interest among the investors supported the futures and tested contract months' high. Finally the futures settled green with some gains. At the NCDEX, Guar Seed December contract traded in the range of Rs. 2072-2116 per qtl, while the most active January contract moved in the range of Rs. 2121-2170 per qtl. Guar Gum December contract traded in the range of Rs. 5255-5375 per qtl, while the most active January contract moved in the range of Rs. 5370-5496 per qtl..

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production as compared to previous year
2. Selling interest at higher price levels at futures market

Bullish:

3. Farmers unwillingness to release their stocks at lower price levels
4. Good stockists demand amidst comparatively lower arrivals
5. 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	24.11.06	23.11.06	Change
Guar Seed	Bikaner	2000	1950	+50
	Jodhpur	2075	2040	+35
	Nokha	1870-1880	1860-1880	-
	Sriganganagar	1920	1900-1910	+10
Guar Gum	Jodhpur	5300	5200-5250	+50

TECHNICALS:

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

OUTLOOK:

Guar seed futures are likely to move slightly downwards initially following a steady to firm opening and some upwards movement thereafter.

NCDEX Guar Seed January Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Jan.	2120	2130	2153	2170	2180
Guar Gum Jan.	5370	5400	5458	5500	5528

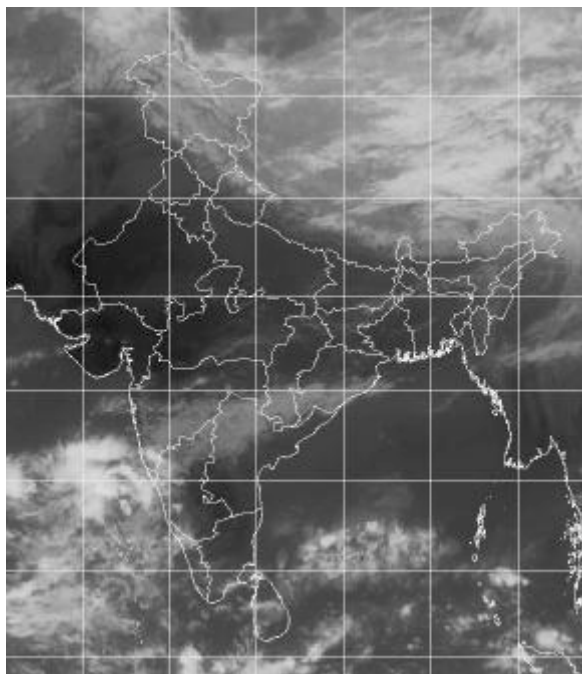
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- January Guar Seed above 2140 with target of 2160 then 2170 **Stop loss** below 2130.

BUY NCDEX- January Guar Gum above 5425 with target of 5475 then 5500 **Stop loss** below 5400.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (24.11.06)



Monsoon Outlook (24.11.06)

- As predicted, night temperatures have fallen by 2-3°C over northwest India during past 24 hours. However they are still above normal by 3-4°C over plains of northwest India.
- Northerly winds have set-in over northwest and adjoining central India. Current scenario suggests that night temperatures are likely to fall further by 2-4°C, thus becoming near normal during next 48 hours.
- Due to weakening of the easterly wave, rainfall activity is likely to remain subdued over south Peninsula during next 3-4 days.

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

- Fall in the night temperature over east & adjoining central India and Maharashtra.
- Subdued rainfall activity likely to continue over south Peninsula.
- Mainly dry weather likely to continue over northwest India.

Source: GOI (IMD)

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