

GUAR DAILY

November 16th, 2006

GUAR

SPOT MARKETS:

Guar sentiment has improved over previous plunged as per the expectation of traders. The bullish sentiments at futures market is also motivated stockists to buying actively. The stockists are in the mood of hoarding in the speculation of good profit in the future term. The steady arrival in the context of good demand is mainly prevailed in the market yards. The intake is reportedly 50,000-55,000 bags in all over India. Millers demand is low in higher 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. The arrivals are likely to increase gradually at higher price levels.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with sharply bullish tone following a steady opening. Increased buying interest supported the futures and settled at fortnight's high with much gains. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1910-1965 per qtl, while the most active December contract moved in the range of Rs. 1950-2012 per qtl. Guar Gum November contract traded in the range of Rs. 4814-5070 per qtl, while the most active December contract moved in the range of Rs. 5010-5187 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 steady arrivals
4. Buying interest among investors in futures market

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 | 15.11.06 | 14.11.06 | Change |
|-----------|---------------|-----------|-----------|---------|
| Guar Seed | Bikaner | 1900-1910 | 1850-1860 | +50.00 |
| | Jodhpur | 2000 | 1925-1950 | +50.00 |
| | Nokha | 1860 | 1830 | +30.00 |
| | Sriganganagar | 1850 | 1820 | +30.00 |
| Guar Gum | Jodhpur | 5200 | 5050-5100 | +100.00 |

TECHNICALS:

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

OUTLOOK:

Guar seed is likely to move upwards initially following a firm opening with possibility of late downward movement.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| Guar Seed Dec. | 1964 | 1978 | 2007 | 2040 | 2053 |
| Guar Gum Dec. | 5077 | 5100 | 5168 | 5223 | 5259 |

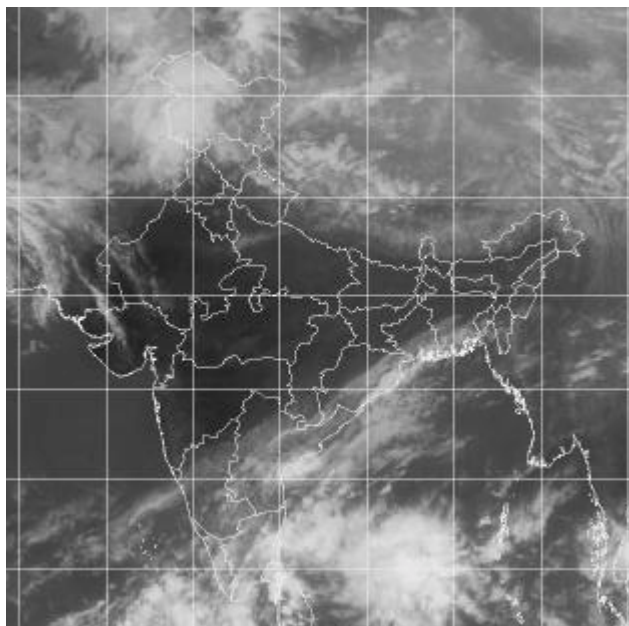
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- December Guar Seed above 1990 with target of 2015 then 2027 **Stop loss** at 1975.

BUY NCDEX- December Guar Gum above 5130 with target of 5190 then 5220 **Stop loss** at 5100.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (15.11.06)



Monsoon Outlook (15.11.06)

- Night temperatures are above normal by 2-3 °C over most parts of northwest and adjoining central India excluding Rajasthan where they are 4-6 °C above normal and will continue to remain above normal over the region during next 2-3 days.
- Under the influence of an easterly wave, fairly widespread rainfall with isolated heavy falls are likely to continue over south Coastal Andhra Pradesh, Tamil Nadu & Pondicherry and Kerala during next 2-3 days. Scattered rainfall activity is also likely over the remaining parts of peninsula.
- Under the influence of western disturbance scattered/fairly widespread precipitation with isolated heavy falls is likely over Western Himalayan Region during next 2-3 days. Scattered rainfall is also expected over adjoining plains of northwest India during the same period.

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

- Fairly widespread rainfall activity is likely over extreme south peninsula.
- Decrease in rainfall activity is likely over Western Himalayan Region and plains of northwest India.
- Decrease in night temperatures is likely over northwest and adjoining central India.

Source: GOI (IMD)

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