

GUAR DAILY

November 11th, 2006

GUAR

SPOT MARKETS:

Guar prices was offered at somewhat firm tone on good demand amidst flow of fresh arrivals. Moreover, late bullish tone at futures market reflected the physical market sentiments. The average intake in the market is reported to be around 60000-6200 bags on all over India. The arrivals were seen decreasing at lower price levels. The farmers are not interested to release their stocks at lower price levels. The Stockists remained active buyers. Mill owners have been waiting for the increase in guar gum prices while some decline at guar seed prices. Traders are optimistic about rising in guar prices in short period on good demand. Peak arrivals might be pressurized the market sentiments on the coming days.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with bearish tone initially following a weak opening. However, speculative buying interest at lower levels supported the futures and traded upwards thereafter. Finally the futures settled green with some gains. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1884-1913 per qtl, while the most active December contract moved in the range of Rs. 1920-1955 per qtl. Guar Gum November contract traded in the range of Rs. 4789-4897 per qtl, while the most active December contract moved in the range of Rs. 4920-5005 per qtl.

PRICE DRIVERS:

Bearish:

1. Expectation of higher production around 75-80 lakh bags over 50-55 l. bags of last year
2. The arrival is reportedly increase about 60000-62000 bags

Bullish:

3. Farmers unwillingness to release their stocks at lower price levels
4. Speculative buying interest at lower levels at 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	10.11.06	09.11.06	Change
Guar Seed	Bikaner	1850	1845	+5.00
	Jodhpur	1930	1925	+5.00
	Nokha	1820	1800-1810	+10.00
	Sriganganagar	1810	1800	+10.00
Guar Gum	Jodhpur	5050-5075	5050	+25.00

TECHNICALS:

Candlestick pattern is hinting some bullish sentiments. Buyers mainly dominated the market at lower price levels. The stochastic is in normal region. The %K line has made bullish crossover with the %D line and moving upward. MACD is in negative territory and moving slightly upwards. Prices closed at 9-day and 18-day EMA. Indicating sideways sentiment.

OUTLOOK:

Guar seed is likely to move some upward initially following a firm opening with possibility of late downwards movement.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1903	1922	1949	1981	1997
Guar Gum Dec.	4920	4939	5000	5060	5100

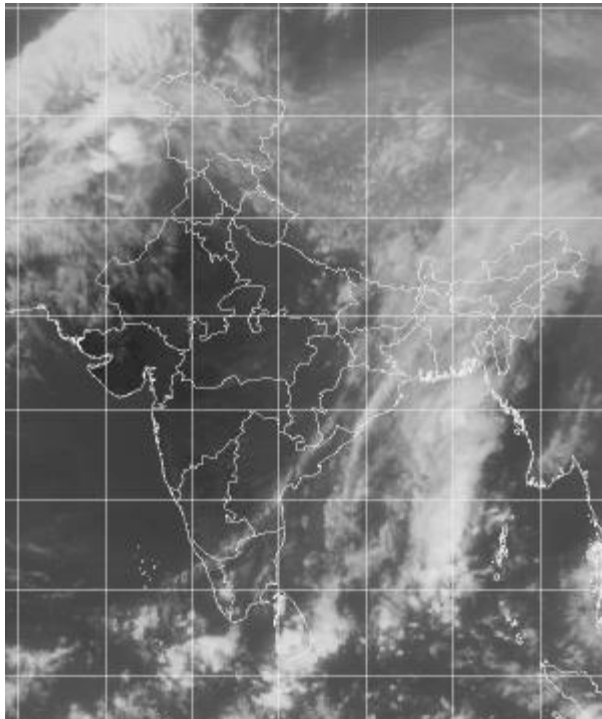
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- December Guar Seed above 1935 with target of 1960 then 1972 **Stop loss** at 1920.

BUY NCDEX- December Guar Gum above 4960 with target of 5020 then 5050 **Stop loss** at 4930.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (10.11.06)



Monsoon Outlook (10.11.06)

- Under the influence of a western disturbance over north Pakistan and neighbourhood. Scattered rain/snowfall activity is likely over Jammu & Kashmir during next two days.
- The night temperatures are about 3-4 °C above normal over most parts of north & central India. No significant change in night temperatures is expected over these regions during next 2-3 days.
- Under the influence of the easterly wave, fairly widespread rainfall are likely over Tamil Nadu, Pondicherry, Coastal Andhra Pradesh, coastal Orissa and West Bengal & Sikkim during next 1-2 days. Isolated/scattered rain/thundershowers are also likely over adjoining parts of east India and south peninsula during the same period.

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

- Scattered rainfall activity is likely over south peninsula.
- Decrease in rainfall activity likely over east and northeast India.
- Decrease in rainfall and night temperatures likely over northwest India.

Source: GOI (IMD)

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