

GUAR DAILY

November 13th, 2006

GUAR

SPOT MARKETS:

Guar price remains firm on good demand amidst flow of fresh arrivals. Moreover, some buying interest at lower levels motivated buyers at spots. The average intake in the market is reported to be steady around 60000-6200 bags on all over India. The Stockists remained active buyers. Mill owners have been waiting for the increase in guar gum prices while some decline at guar seed prices. The farmers are not interested to release their stocks at lower price levels. Therefore, the arrivals have been dwindling at lower price levels. Traders are optimistic about rising in guar prices in short period on good demand. However, the arrivals are likely to increase further in the end of this month. Peak arrivals might be pressurized the market sentiments on the coming days.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with sideways tone following a firm opening. Increased selling pressure at the higher level capped the early gains and traded downwards. Finally the futures manage to settle higher with marginal gains. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1903-1927 per qtl, while the most active December contract moved in the range of Rs. 1944-1971 per qtl. Guar Gum November contract traded in the range of Rs. 4898-4945 per qtl, while the most active December contract moved in the range of Rs. 4980-5060 per qtl.

PRICE DRIVERS:

Bearish:

1. Increased selling pressure at higher level in futures market
2. The arrival is reportedly steady about 60000-62000 bags

Bullish:

3. 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	11.11.06	10.11.06	Change
Guar Seed	Bikaner	1860	1850	+10.00
	Jodhpur	1925-1930	1930	-
	Nokha	1840	1820	+20.00
	Sriganganagar	1820	1810	+10.00
Guar Gum	Jodhpur	5100	5050-5075	+25.00

TECHNICALS:

Candlestick pattern is hinting some bearish sentiments. Sellers mainly dominated the market at higher price levels. The stochastic is in normal region and moving slightly upwards. MACD is in negative territory and moving slightly upwards. Prices closed above 9-day and 18-day EMA. Indicating sideways sentiment.

OUTLOOK:

Guar seed is likely to move slightly upward initially following a steady to weak opening and upward movement thereafter.

NCDEX Guar Seed December Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1904	1922	1956	1995	2008
Guar Gum Dec.	4895	4934	5020	5104	5148

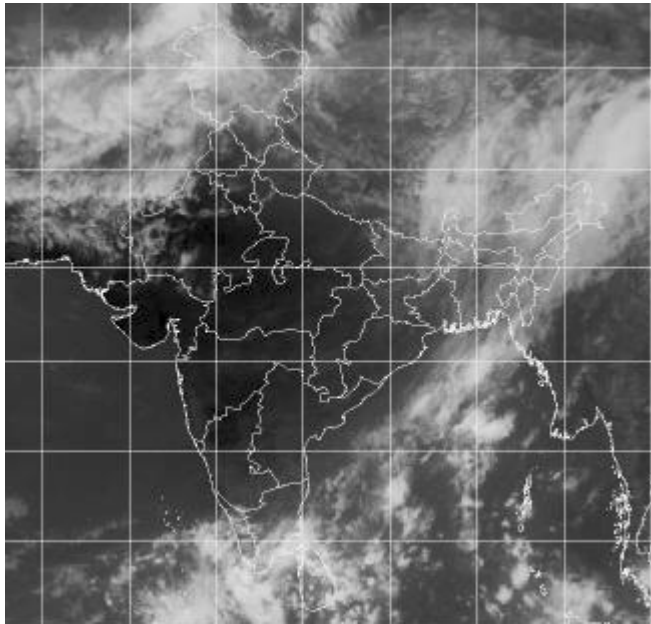
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- December Guar Seed below 1975 with target of 1950 then 1938 Stop loss at 1990.

SELL NCDEX- December Guar Gum below 5060 with target of 5000 then 4970 Stop loss at 5090.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (11.11.06)



Monsoon Outlook (11.11.06)

- 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 1-2 °C above normal over most parts of north & central India. No significant change in night temperatures is expected over these regions during next 1-2 days.
- Under the influence of the easterly wave, fairly widespread rainfall are likely over Tamil Nadu & Pondicherry and south Coastal Andhra Pradesh during next 1-2 days. Isolated/scattered rain/thundershowers are also likely over adjoining parts south peninsula during the same period.

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

- Scattered rainfall activity is likely over south peninsula.
- Fall in night temperatures likely over northwest India.

Source: GOI (IMD)

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