

GUAR DAILY

June 20, 2006

GUAR

SPOT MARKETS:

The guar prices remained weak in different spot markets on weak demand coupled with meagre arrivals. Moreover downward trading in futures market did not motivate buyers to come forward. The anticipation of quick arrival of S.W. monsoon in the main guar producing belts also kept away buyers from market. However, according to IMD's projection the prevailing conditions of weak monsoon may continue during next 24-36 Hrs. The confusion over monsoon activity led the buyers to remain at sidelines. However, millers demand for processing guar seed remained steady at lower price levels. Farmers closely monitoring the monsoon progress in order to taking sowing decision. However, the monsoon progress, amount of rainfall and comparative advantage of different suitable commodities would decide the guar market sentiments in coming futures.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed some downward trade at the early hours following a weak opening. However, increased buying support at the lower level recovered the futures from some of the losses but slid again later on increased speculative selling pressure. Finally the futures settled much lower near days' low with some losses. The July contract traded in the range of 1880-1946, while the August contract fluctuated in the range of 1930-2002. The July contract for guar gum traded in the range of Rs. 4761-4917 while the August contract fluctuated in the range of 4850-5005 during Monday.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity
2. IMD's prediction about revival of monsoon in Peninsular India
3. Rumour about monsoon arrivals
4. Bearish tone of futures market

Bullish:

5. Decreasing arrivals

Weather:

Isolated Duststorm/Thunderstorm are likely over Rajasthan. Sowing of guar usually picks up momentum in Rajasthan in July-August. Any short fall in rainfall in this period severely affect the sowing.

TECHNICALS:

The candlesticks showing bearish tone. The stochastic is bullish. The % K line after crossing the % D line from above moving towards oversold region showing bearish trend. The MACD along with its EMA moving downwards, showing down trend at medium term.

OUTLOOK:

The prices of guar seed as well as guar gum are expected to move some downwards initially following a steady to firm opening with possibility of upwards movement later.

NCDEX August Contract



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| Guar seed July | 1888 | 1861 | 1936 | 1978 | 2000 |
| Guar gum July | 4776 | 4688 | 4857 | 4962 | 5000 |

INTRADAY TRADE RECOMMENDATION:

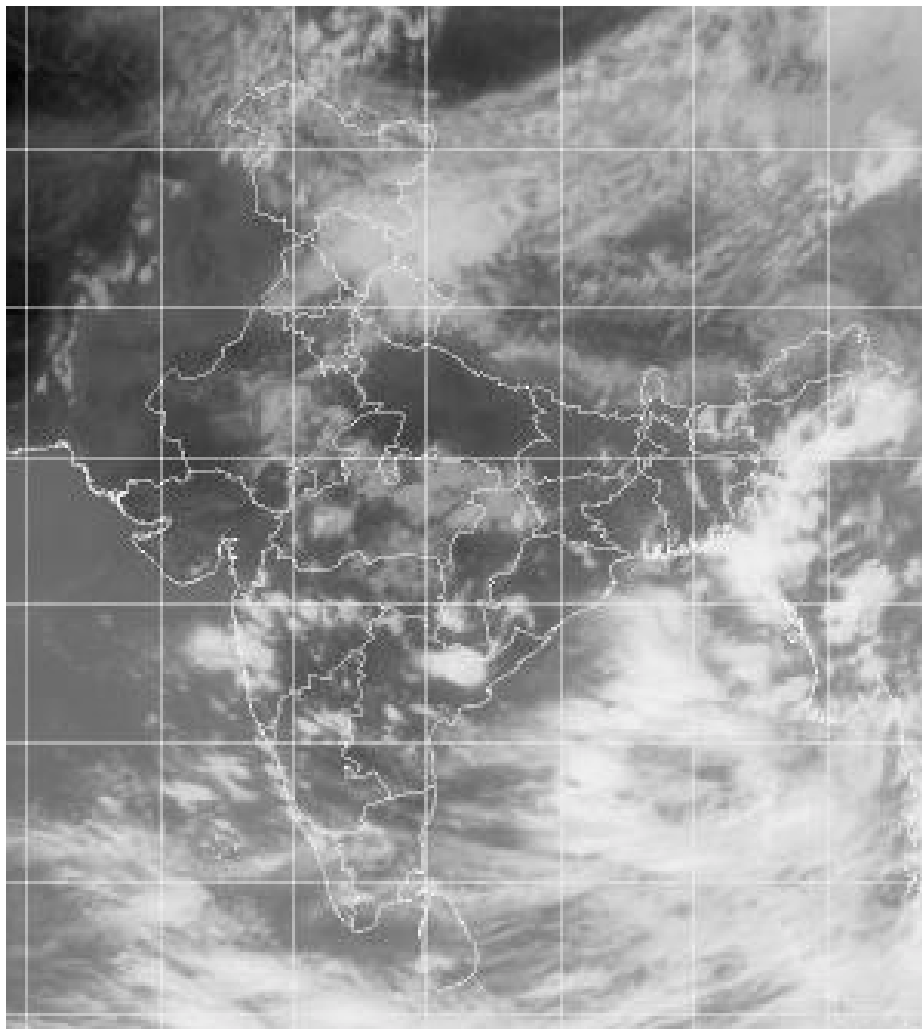
Sell NCDEX- August Guar Seed near 1945-1955 with target of 1910, and then 1890 Stop loss at 1970.

Sell NCDEX- August Guar Gum near 4880-4900 with target of 4830 then 4800. Stop loss at 4920.

Do not carry forward the position until the next day.

| Commodity | Centres | 19.06.06 | 17.06.06 | Change |
|-----------|---------------|-----------|----------|--------|
| Guar Seed | Bikaner | 1850-1880 | 1890 | -40 |
| | Jodhpur | 1950 | 1975 | -25 |
| | Nokha | 1810 | 1830 | -20 |
| | Sriganganagar | 1800 | 1820 | -20 |
| Guar Gum | Jodhpur | 4800 | 4875 | -75 |

Satellite Picture of Monsoon Progress (19.06.06)



Source: IMD

- Conditions are favourable for strengthening of southwest monsoon activity over the peninsula including Maharashtra within next 2-3 days.
- Rain/Thundershower have occurred at a few places over North interior Karnataka, South Madhya Maharashtra, Telangana, northeastern states and northwest India.

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