

GUAR DAILY

August 09, 2006

GUAR

SPOT MARKETS:

Guar witnessed on an average a range bound trade at major physical markets amidst lack of any significant price driving factors. The narrow range bound trade at the futures market has also kept the physical market mostly quiet with the buyers waiting for the prices to ease further. The IMD in a latest weather forecast report has mentioned possibility of isolated heavy to very heavy falls over Gujarat Region and southeast Rajasthan during next 1-2 days. Traders are a bit concerned of the heavy rainfall in Gujarat region and eyeing the details of the crop conditions there. However, situation is different in Rajasthan, where rainfall is sought for better sowing of the crop. Amidst such situations, guar likely to exhibit further volatility with much emphasis on the weather scenario over coming few days.

FUTURES MARKETS:

Guar seed futures at the NCDEX moved within a narrow range during Tuesday's trade. The futures traded slightly upwards initially following a firm opening, however, could not hold the highs thereafter. The futures fluctuated near the unchanged level for most of the session and settled near the lower side of the range in final action. Guar Seed August contract traded in the range of 1955-1973, while the most-active September contract fluctuated in the range of 1989-2008. Guar Gum August contact traded in the range of 5028-5065, while the most-active September contract fluctuated in the range of 5092-5135.

PRICE DRIVERS:

Bearish:

1. Isolated heavy to very heavy falls likely over southeast Rajasthan during next 1-2 days

Bullish:

2. Anticipation of lower carry forward stocks
3. Good domestic as well as export demand

WEATHER IMPACT:

The coming 4-5 day is very vital for the crop as absent or inadequate rainfall may hamper the sowing activity and thus lead to lower production.

TECHNICALS:

Candlestick pattern is bearish. Stochastic are moving upwards in normal region, hinting further uptrend. MACD is in negative territory, showing weakness in the market. Prices closed below 9-day and 18-day EMA, indicating bearish trend. Overall technical picture is pointing towards a bearish trade ahead.

OUTLOOK:

Guar seed is expected to trade downwards initially following a weak opening with possibility of late upward movement. Weather conditions need to be closely watched before taking any trading decision.

NCDEX Guar Seed September Contract



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1937	1965	1994	2036	2061
Guar Gum Sept	4973	5027	5115	5196	5249

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- **September Guar Seed** at 2000-2010 with **target** of 1985 then 1970 **Stop loss** at 2030.

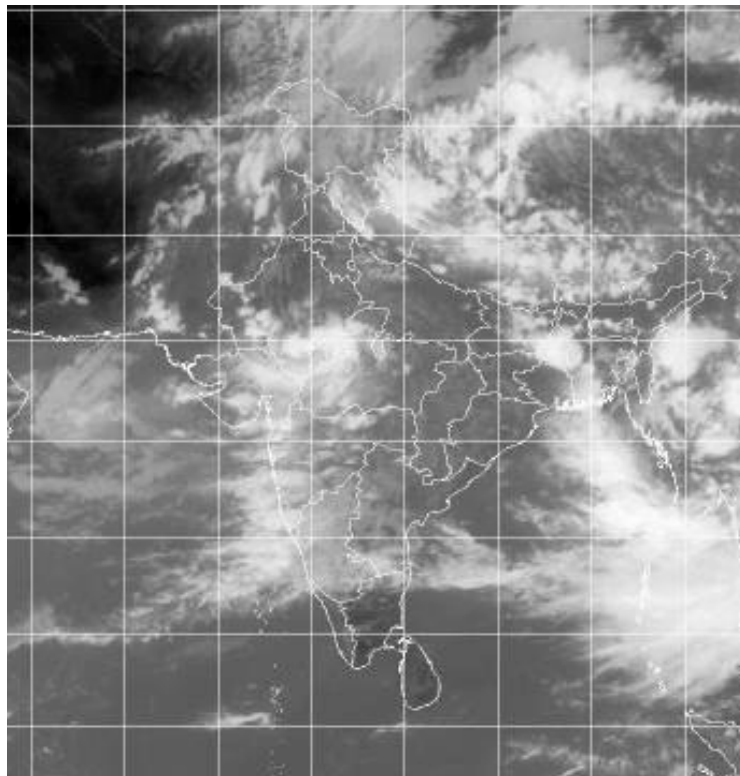
SELL NCDEX- **September Guar Gum** at 5120-5140 with **target** of 5080 then 5060 **Stop loss** at 5180.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	08.08.06	07.08.06	Change
Guar Seed	Bikaner	1900	1900	-
	Jodhpur	2000	2000	-
	Nokha	1870	1870	-
	Sriganganagar	1890	1900	-10
Guar Gum	Jodhpur	5200	5200-5226	-

SATELLITE PICTURE OF MONSOON PROGRESS (08.08.06)



Monsoon Outlook (08.08.06)

- Yesterday's well marked low pressure area over West Madhya Pradesh and neighbourhood now lies as a low pressure area over West Madhya Pradesh and East Rajasthan.
- Under its influence isolated heavy to very heavy falls are likely over Gujarat Region, West Madhya Pradesh and southeast Rajasthan during next 1-2 days.
- The offshore trough at sea level runs from south Konkan coast to Karnataka coast.
- Under its influence heavy to very heavy falls at a few places are likely over south Konkan & Goa and Coastal Karnataka during next 1-2 days. Isolated heavy to very heavy falls are also likely over north Konkan (including Mumbai) and north Madhya Maharashtra.
- The axis of monsoon trough at sea level passes through Phalodi, centre of low pressure area, Khajuraho, Hazaribagh, Sriniketan and thence to north Bay of Bengal.

Heavy Rainfall Warning:

- Heavy to very heavy rainfalls at scattered places over south Konkan & Goa and Coastal Karnataka during next 1-2 days. Isolated heavy to very heavy falls are also likely over Gujarat Region, southeast Rajasthan, north Madhya Maharashtra, West Madhya Pradesh, north Konkan(including Mumbai), Himachal Pradesh, Uttaranchal, Jammu & Kashmir and Andaman & Nicobar Islands.

Outlook for subsequent two days from 0830 hours IST of 11th August 2006 (Based on numerical weather products):

- Gradual decrease in rainfall activity likely over West Madhya Pradesh, Konkan & Goa, Madhya Maharashtra, Gujarat and East Rajasthan.
- Increase in rainfall activity over Orissa and Gangetic West Bengal due to likely formation of a low pressure area over northwest Bay of Bengal around 11th.

Source: IMD

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd