

GUAR DAILY

August 10, 2006

GUAR

SPOT MARKETS:

Guar maintains its previous position at the major physical markets amidst lack of any significant price driving factor. The range bound trade at the futures market has also failed to provide any guideline to the physical market traders. Buyers at the physical markets preferred to be on the sideline expecting prices to ease to some extent. The IMD in a latest weather forecast report has mentioned possibility of isolated heavy to very heavy falls over Gujarat Region and east 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 condition.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a range bound movement during Wednesday's trade. The futures traded slightly upwards initially, but pared the advances later to settle near the unchanged level. Thin trading activity kept the futures mostly near to Tuesday's range. Guar Seed August contract traded in the range of 1952-1976, while the most-active September contract fluctuated in the range of 1985-2009. Guar Gum August contract traded in the range of 5030-5074, while the most-active September contract fluctuated in the range of 5103-5148.

PRICE DRIVERS:

Bearish:

1. Isolated heavy to very heavy falls likely over east 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 formation is showing indecisive pattern. Stochastic are about to make a bearish crossover in normal region, hinting downtrend. 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 following a weak opening with possibility of late uptrend. 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	5103	5196	5249

INTRADAY TRADE RECOMMENDATION:

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

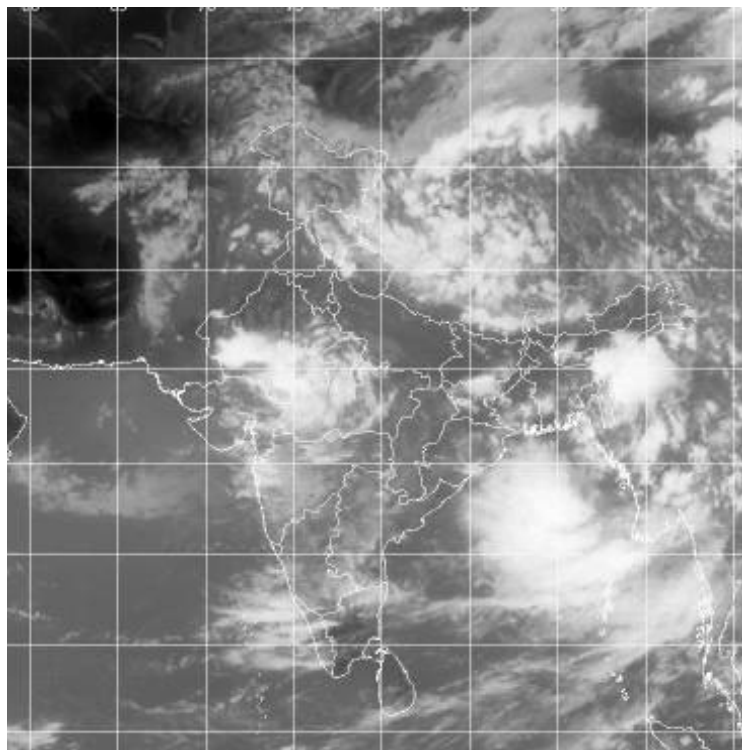
SELL NCDEX- September Guar Gum at 5120-5140 with **target** of 5080 then 5060 **Stop loss** at 5180.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	09.08.06	08.08.06	Change
Guar Seed	Bikaner	1900	1900	-
	Jodhpur	2000	2000	-
	Nokha	1870	1870	-
	Sriganganagar	1890	1890	-
Guar Gum	Jodhpur	5200	5200	-

SATELLITE PICTURE OF MONSOON PROGRESS (09.08.06)



Monsoon Outlook (09.08.06)

- Yesterday's low pressure area over West Madhya Pradesh and adjoining East Rajasthan now lies over northwest Madhya Pradesh and neighbourhood.
- The offshore trough at sea level now runs from north Gujarat coast to south Karnataka coast.
- Under the influence of above systems, fairly widespread rainfall with isolated heavy to very heavy falls are likely over Konkan & Goa (Including Mumbai), Coastal Karnataka, Madhya Maharashtra, Gujarat Region, West Madhya Pradesh and East Rajasthan during next 1-2 days.
- The axis of monsoon trough at sea level passes through Phalodi, centre of low pressure area, Kanpur, Muzaffarpur, Sriniketan and thence to northeast Bay of Bengal.
- A fresh low pressure area is likely to form over North Bay of Bengal around 11th, which is likely to concentrate into a depression during subsequent 1-2 days. Under Its influence, the rainfall activity is likely to increase with scattered heavy to very heavy falls over Gangetic west Bengal and Orissa from 11th onwards.

Heavy Rainfall Warning:

- Isolated heavy to very heavy falls are likely over Gujarat Region, east Rajasthan, West Madhya Pradesh, Madhya Maharashtra, Konkan & Goa (including Mumbai) and coastal Karnataka.
- Heavy to very heavy rainfall likely at a few places over Orissa and Gangetic West Bengal from 11th onwards.

Outlook for subsequent two days from 0830 hours IST of 12th August 2006 (Based on numerical weather products):

- The rainfall activity over Konkan & Goa (Including Mumbai) and Gujarat Region is likely to increase with scattered heavy to very heavy falls.
- Increase in rainfall activity is also likely with scattered heavy to very heavy falls over Chhattisgarh, Jharkhand, North Coastal Andhra Pradesh and Telangana.

Source: **IMD**

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