

GUAR DAILY

August 21st, 2006

GUAR

SPOT MARKETS:

Guar prices remained steady in domestic markets. The anticipation of higher production from ongoing rains in southeast parts of Rajasthan pressurized the market sentiment. Moreover, the spill-over tone in the futures market also led the traders to keep themselves at sidelines. However, scarcity of rainfall is reported from some parts of Rajasthan and Haryana. This may affect the crop. The millers remained the active buyers in the spot market. The heavy rainfall may slid down the prices in next couples of days. However, traders were optimistic about rising the guar prices in coming future on higher demand amidst lower carry forward stocks. Everybody related to guar closely monitoring the monsoon activity.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a bearish sentiment following a firm opening. Increased selling interest pressurized the futures and traded downwards. Finally the futures settled red. Guar Seed September contract traded in the range of 1799-1831, while October contract fluctuated in the range of 1809-1850. Guar Gum September contact traded in the range of 4550-4710, while the October contract fluctuated in the range of 4640-4760

PRICE DRIVERS:

Bearish:

1. Anticipation of rainfall over West Rajasthan and Gujarat
2. Anticipation of higher production

Bullish:

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

WEATHER IMPACT:

The prevailing weather in Southeast Rajasthan is favourable for crop. However, rainfall in during growth stage is crucial for crop output

TECHNICALS:

Candlestick formation is showing bearish pattern. Stochastic are in oversold region. The % K line likely to cross % D line from the below, hinting some up trend. MACD is showing short-term weakness in the market. Prices closed much below 9-day and 18-day EMA, indicating bearish trend. Overall technical picture is pointing towards a sideways trade.

OUTLOOK:

Guar seed is expected to trade upwards initially following a steady to weak opening and some downwards movement later. 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	1736	1760	1806	1855	1890
Guar Gum Sept	4454	4500	4590	4668	4725

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- September Guar Seed at 1820-1830 with target of 1795 then 1778 **Stop loss** at 1842.

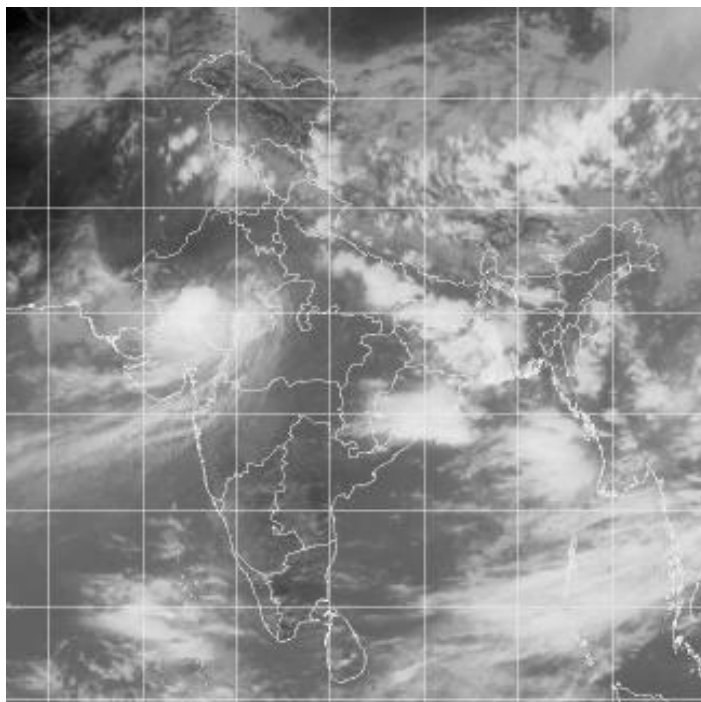
SELL NCDEX- September Guar Gum at 4620-4640 with target of 4580 then 4555 **Stop loss** at 4655.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	19.08.06	18.08.06	Change
Guar Seed	Bikaner	1800	1800	-
	Jodhpur	1870	1870	-
	Nokha	1770	1770	-
	Sriganganagar	1800	1800	-
Guar Gum	Jodhpur	4888	4888	-

SATELLITE PICTURE OF MONSOON PROGRESS (19.08.06)



Monsoon Outlook (19.08.06)

- ✍ Yesterday's depression over southwest Madhya Pradesh weakened into a well marked low pressure area and now lies over southeast Rajasthan and adjoining West Madhya Pradesh. The system is likely to move in a northwesterly direction and weaken further. Under its influence, widespread rainfall with isolated heavy to very heavy falls are likely over East Rajasthan during next 24 hours. Fairly widespread rainfall with isolated heavy falls also likely over West Rajasthan, West Madhya Pradesh and north Gujarat Region during the same period.
- ✍ Numerical weather prediction models suggest formation of a low pressure area over north Bay of Bengal around 22nd. This may subsequently enhance the rainfall activity over East India.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls likely at a few places over southwest Madhya Pradesh, southeast Rajasthan and Gujarat Region during next 24 hours. Isolated heavy falls also likely over Kerala and Coastal Karnataka.

Outlook for subsequent two days from 0830 hours IST of 15th August 2006 (Based on numerical weather products):

- ✍ Numerical weather prediction models suggest formation of a low pressure area over north Bay of Bengal around 22nd. This may subsequently enhance the rainfall activity over Orissa and Gangetic west Bengal.

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