

GUAR DAILY

August 23rd, 2006

GUAR

SPOT MARKETS:

The sentiments are still soft in domestic markets. Some rains and dark clouds over southwest parts of Rajasthan did not motivate buyers to take fresh position in the market. The sideways tone in futures also pressurised the market sentiment. Some traders reported arrivals of new guar crops in coming month. IMD's prediction of isolated heavy falls are likely over southwest Rajasthan during next 24 hours no doubt mad anticipation of good crops in the minds of traders. However, higher demand amidst lower carry forward stocks will also support the market tone in near future. Everybody related to guar closely monitoring the monsoon activity.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a bearish sentiment initially following a firm opening. However, increased buying interest at the lower level supported the futures and traded somewhat upwards thereafter. Finally the futures settled red with marginal losses. Guar Seed September contract traded in the range of 1805-1856, while October contract fluctuated in the range of 1823-1879 Guar Gum September contact traded in the range of 4621-4721, while the October contract fluctuated in the range of 4673-4784.

PRICE DRIVERS:

Bearish:

1. Anticipation of rainfall over West Rajasthan and Gujarat
2. Anticipation of good crop

Bullish:

3. Anticipation of lower carry forward stocks
4. Good domestic 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 tone. Stochastic are in oversold region. The % K line after crossing % D line from the below moving slightly upwards hinting somewhat 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 firm opening and some downwards movement later. Weather conditions need to be closely watched before taking any trading decision.

NCDEX Guar Seed October Contract



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1793	1810	1842	1990	1915
Guar Gum Sept	4601	4625	4705	4800	4850

INTRADAY TRADE RECOMMENDATION:

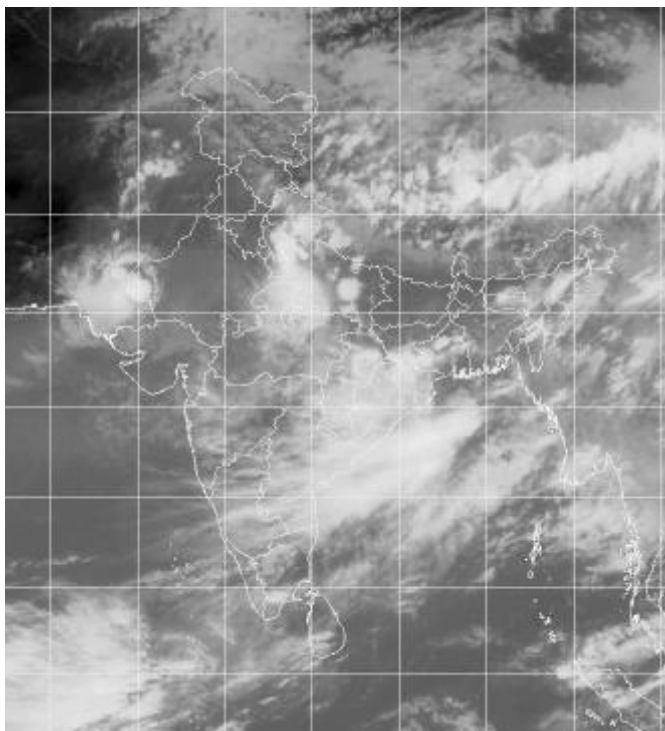
SELL NCDEX- October Guar Seed at 1860-1870 with target of 1835 then 1820 Stop loss at 1880.

SELL NCDEX- October Guar Gum at 4720-4740 with target of 4680 then 4655 Stop loss at 4755.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	22.08.06	21.08.06	Change
Guar Seed	Bikaner	1800	1800	-
	Jodhpur	1830	1820	+10
	Nokha	1780	1780	-
	Sriganganagar	1800	1800	-
Guar Gum	Jodhpur	4810	4810	-

SATELLITE PICTURE OF MONSOON PROGRESS (22.08.06)



Monsoon Outlook (22.08.06)

- ✍ Yesterday's low pressure area over West Rajasthan and neighbourhood persists. Under its influence, fairly widespread rainfall with isolated heavy to very heavy falls are likely over southwest Rajasthan during next 24 hours and decrease thereafter.
- ✍ The other low pressure area over north Bay of Bengal off north Orissa-West Bengal coast now lies over northwest Bay of Bengal and adjoining Orissa & Gangetic West Bengal. Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over Orissa during next 48 hours. Fairly widespread rainfall with isolated heavy to very heavy falls is also likely over Gangetic West Bengal, Jharkhand, East Uttar Pradesh and Chhattisgarh.
- ✍ During past 24 hours, enhanced rainfall activity with isolated heavy to very heavy falls was experienced over East India and southwest Rajasthan.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls at a few places are likely over Orissa during next 48 hours. Isolated heavy to very heavy falls is also likely over Gangetic West Bengal, Jharkhand, East Uttar Pradesh, Chhattisgarh and southwest Rajasthan.

Outlook for subsequent two days:

- ✍ Decrease in rainfall activity over Orissa and Gangetic West Bengal.
- ✍ Fairly widespread rainfall activity is likely to continue over Chhattisgarh, Jharkhand, East Madhya Pradesh, Bihar and East Uttar Pradesh.

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