

GUAR DAILY

September 06, 2006

GUAR

SPOT MARKETS:

Guar sentiments remained under pressure on the anticipation of higher production due to ongoing rains in Rajasthan. The arrivals of guar seed in some districts of Rajasthan is also supported the weakness. The guar prices offered steady in most of the major trading center. The market was under pressure on anticipation of a good harvest this season despite report of some crop damage in parts of guar producing states. However, the increase in production in other parts is likely to offset the damage. Rainfall is also needed during the coming week for better growth of the standing crop. The millers demand remained good at this level. The meager arrivals reported from different markets. However, the traders are optimistic about recovery of guar sentiments in short term on good demand.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a bearish trade following a weak opening. Increased selling interest pressurized the futures and slid to much lower level. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1610-1655 per qtl, while the most active October contract moved in the range of Rs. 1620-1665 per qtl. Guar Gum September contract traded in the range of Rs. 4066-4197 per qtl, while the most active October contract moved in the range of Rs. 4123-4260 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production
2. Isolated heavy to very heavy falls also likely over east Rajasthan

Bullish:

3. Good demand amidst expected lower carry forward stocks

WEATHER IMPACT:

Guar crop has received suitable rainfall in most of the growing regions. However, another spell of rainfall is necessary in the coming week for better growth of the standing crop.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	05.09.06	04.09.06	Change
Guar Seed	Bikaner	1630	1620	+10.00
	Jodhpur	1700	1700	-
	Nokha	1590	1580	+10.00
	Sriganganagar	1600	1600	-
Guar Gum	Jodhpur	4450	4450-4500	-

TECHNICALS:

Candlestick pattern is showing firm opening. Stochastic is in oversold region and hinting bearish trend. MACD is in negative territory and indicating weakness in the market. Prices closed much below 9-day and 18-day EMA, indicating bearish trend. Expecting sideways trade.

OUTLOOK:

Guar seed is expected to trade downwards initially following a firm opening with possibility of some upward movement later.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Oct.	1600	1615	1652	1684	1715
Guar Gum Oct.	4100	4129	4222	4302	4344

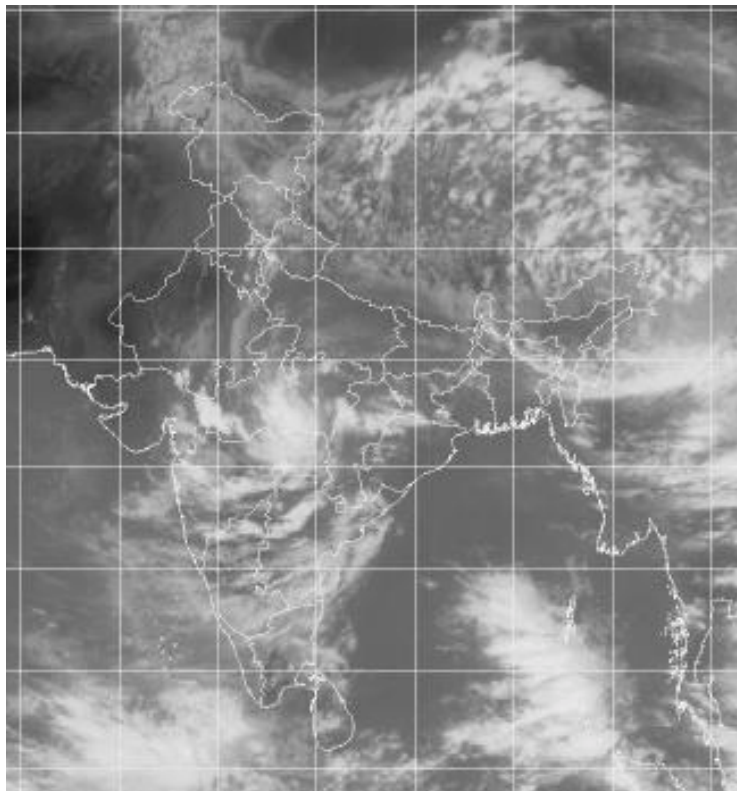
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- October Guar Seed at 1660-1670 with target of 1635 then 1620 Stop loss at 1680.

SELL NCDEX- October Guar Gum at 4240-4260 with target of 4200 then 4175 Stop loss at 4275.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (05.09.06)



Monsoon Outlook (05.09.06)

- ✍ Yesterday's depression over north Orissa moved west-northwestwards and weakened into a well marked low pressure area. It now lies over Chhattisgarh and adjoining East Madhya Pradesh. The system is likely to move in a west-northwesterly direction and weaken further.

Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over East Madhya Pradesh and Chhattisgarh during next 24 hours. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over West Madhya Pradesh and Vidarbha during next 48 hours. Subsequently, the enhanced rainfall belt is likely to shift into Gujarat Region and East Rajasthan.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls at a few places are likely over East Madhya Pradesh and Chhattisgarh during next 24 hours. Isolated heavy to very heavy falls are also likely over West Madhya Pradesh and Vidarbha during next 48 hours.

Outlook for subsequent two days (Based on numerical weather products):

- ✍ Enhanced rainfall activity likely to continue over Gujarat Region and East Rajasthan
- ✍ Increase in rainfall activity over northeastern States.

Source: GOI (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