

## GUAR DAILY

September 04, 2006

### GUAR

#### SPOT MARKETS:

Guar market retraced back again after registering fresh lows for the last few days. Increased buying interest at the lower price levels amidst good demand supported the market sentiments. The spillover strength from the futures market has also supported the physical market sentiments. 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.

#### FUTURES MARKETS:

Guar futures at the NCDEX witnessed an upward trade following a weak opening. Increased buying interest at the lower levels and short covering supported the futures and the futures recovered from Friday's losses. Guar Seed September contract traded in the range of Rs. 1685-1722 per qtl, while the October contract moved in the range of Rs. 1695-1732 per qtl. Guar Gum September contract traded in the range of Rs. 4310-4410 per qtl, while the October contract moved in the range of Rs. 4365-4455 per qtl.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of higher production during this season
2. Isolated heavy to very heavy falls also likely over north Rajasthan

##### Bullish:

3. Short covering at the futures market
4. 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. The IMD forecast indicates some rainfall over next few days.

#### TECHNICALS:

Candlestick pattern is showing bullish 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 an upward technical correction in short-term.

#### OUTLOOK:

Guar seed is expected to trade upwards initially following a steady to firm opening with possibility of some downward movement later.

#### NCDEX Guar Seed October Contract:



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Oct.	1651	1680	1722	1775	1805
Guar Gum Oct.	4206	4300	4439	4560	4646

#### INTRADAY TRADE RECOMMENDATION:

**Buy NCDEX- October Guar Seed** at 1715-1725 with **target** of 1750 then 1760 **Stop loss** at 1700.

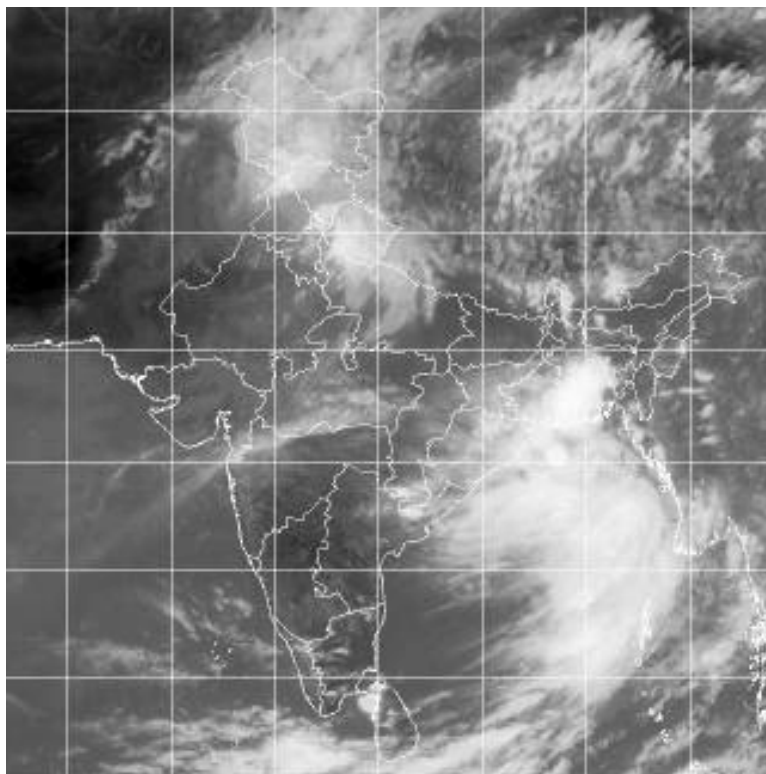
**Buy NCDEX- October Guar Gum** at 4430-4450 with **target** of 4490 then 4510 **Stop loss** at 4390.

**Do not carry forward the position until the next day.**

#### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	02.09.06	01.09.06	Change
Guar Seed	Bikaner	1660	1650	+10.00
	Jodhpur	1760	1760	-
	Nokha	1610	1600	-
	Sriganganagar	1630	1620	+10.00
Guar Gum	Jodhpur	4550	4500	+50.00

## SATELLITE PICTURE OF MONSOON PROGRESS (02.09.06)



### Monsoon Outlook (02.09.06)

- The depression over East Rajasthan weakened into a well marked low pressure area in the afternoon of yesterday. The system further weakened into a low pressure area today morning and now lies over Haryana & neighbourhood.
- Under its influence, widespread rainfall with heavy to very heavy falls at a few places is likely over Haryana, Delhi, West Uttar Pradesh, Punjab, Jammu & Kashmir, Himachal Pradesh and Uttaranchal during next 24 hours. Fairly widespread rains with isolated heavy falls is also likely over north Rajasthan during the same period. Subsequently, rainfall activity over the plains is likely to decrease. However, under the influence of a western disturbance fairly widespread rains may continue over western Himalayan region for another 1-2 days.
- The current meteorological analysis suggests formation of a low pressure area over North Bay of Bengal within next 24 hours which is likely to increase rainfall activity over East India.

### Heavy Rainfall Warning:

- Heavy to very heavy falls likely at a few places over Haryana, Delhi, West Uttar Pradesh, Punjab, Jammu & Kashmir, Himachal Pradesh, Uttaranchal and Andaman & Nicobar Islands during next 24 hours. Isolated heavy to very heavy falls also likely over north Rajasthan.

### Outlook for subsequent two days from 0830 hours IST of 5<sup>th</sup> September 2006 (Based on numerical weather products):

- Fairly widespread rainfall activity likely over east India and adjoining central India.

Source: GOI (IMD)

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