

GUAR DAILY

September 18, 2006

GUAR

SPOT MARKETS:

Guar offered mostly higher prices in majority of physical market. The good demand amidst meager arrivals is mainly underpinning the market sentiments. The buyers get motivated on the IMD's prediction of dry weather likely to prevail in Rajasthan and Gujarat as well as the bullish trade in future. The guar gum export demand from China is also supporting the bullishness in the market. Traders are seen interested to hedge the commodity against futures at NCDEX. Early assumption of higher production might be restricted somewhat on long spell of dryness onwards in the guar growing belts. Lack of rain mainly in Churu, Nagar, Bikaner districts may cause some harm on the crops. Traders are optimistic that the spot prices would increase sharply in near future.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a bullish trade following a firm opening. Increased buying interest on the anticipation of no rains supported the futures and restricted further fall. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1693-1732 per qtl, while the most active October contract moved in the range of Rs. 1721-1764 per qtl. Guar Gum September contract traded in the range of Rs. 4300-4390 per qtl, while the most active October contract moved in the range of Rs. 4420-4529 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production

Bullish:

2. Good demand amidst expected lower carry forward stocks
3. Good export demand from China
4. Anticipation of dry weather likely to prevail in Rajasthan and Gujarat

WEATHER IMPACT:

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

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	16.09.06	15.09.06	Change
Guar Seed	Bikaner	1660	1650	+10.00
	Jodhpur	1775	1750	+25.00
	Nokha	1640	1630	+10.00
	Sriganganagar	1650	1650	-
Guar Gum	Jodhpur	4600	4500-4550	+50.00

TECHNICALS:

Candlestick pattern is showing firm opening. Stochastic is in oversold region and moving slightly upwards. MACD is in negative territory and moving upwards. Prices closed above 9-day and 18-day EMA. Indicating bullish trading.

OUTLOOK:

Guar seed is expected to trade slightly 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.	1716	1731	1750	1809	1827
Guar Gum Oct.	4400	4440	4482	4590	4650

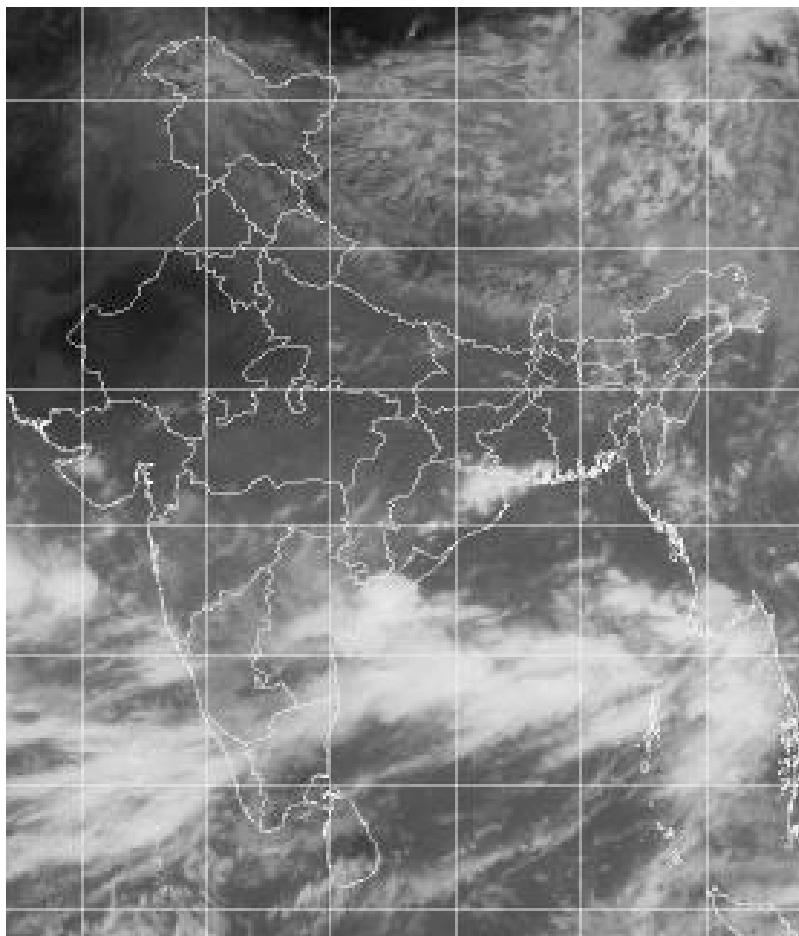
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- October Guar Seed at 1740-1750 with **target** of 1775 then 1790 **Stop loss** at 1730.

BUY NCDEX- October Guar Gum at 4460-4480 with **target** of 4520 then 4545 **Stop loss** at 4445.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (16.09.06)



Monsoon Outlook (16.09.06)

- ✍ Yesterday's low pressure area over west central Bay of Bengal off Andhra Pradesh coast persists. The east-west shear line runs along 17° N across south Peninsula. Under this scenario fairly widespread rainfall with isolated heavy to very heavy falls is likely to continue over south peninsula and Konkan & Goa during next 2-3 days. Rainfall activity also likely to increase over Maharashtra during the same period.

Heavy Rainfall Warning:

- ✍ Isolated heavy to very heavy falls are likely over Konkan & Goa, Coastal Karnataka, Kerala, Lakshadweep, Coastal Andhra Pradesh, Telangana and Andaman & Nicobar Islands.

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

- ✍ Further increase in rainfall activity over Telangana, Maharashtra and Madhya Pradesh.
- ✍ Scattered rainfall also likely over parts of northwest India.

Source: GOI (IMD)

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