

GUAR DAILY

September 21st, 2006

GUAR

SPOT MARKETS:

Guar prices remained steady on good demand amidst meager arrivals. The guar gum export demand from China is reportedly steady. Sriganganagar market enjoyed fresh arrivals of guar seed. However, due to higher moisture content the demand is somewhat low. IMD's prediction of prevailing dry weather in coming days is also underpinning the sentiments. If there are no rains in the next few days the yields may get affected, as the flowering and pod filling stage of the crops need water. Traders reported the overall production is likely to be somewhat higher from previous year. However, the sharply decreasing carry forward stocks is reported. Traders are seen interested to hedge the commodity against futures at NCDEX.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed an upward trade initially following a weak opening. However increased selling pressure at the higher level pressurized the futures thereafter and settled red. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1676-1729 per qtl, while the most active October contract moved in the range of Rs. 1742-1770 per qtl. Guar Gum September contract traded in the range of Rs. 4335-4425 per qtl, while the most active October contract moved in the range of Rs. 4427-4519 per qtl.

PRICE DRIVERS:

Bearish:

1. Fresh arrivals of guar seed at Sriganganagar

Bullish:

2. Good demand and lower carry forward stocks
3. Good export demand from China
4. Lack of rains

WEATHER IMPACT:

Crop has reached flowering to pod filling stage in majority of the growing areas. Hence, rainfall and moisture availability becomes critical in the coming fortnight for better production of the standing crop.

TECHNICALS:

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

OUTLOOK:

Guar seed is expected to trade downwards initially following a weak opening and upward movement later.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Oct.	1714	1730	1748	1800	1815
Guar Gum Oct.	4373	4402	4457	4581	4625

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- October Guar Seed at 1730-1740 with **target** of 1765 then 1780 **Stop loss** at 1720.

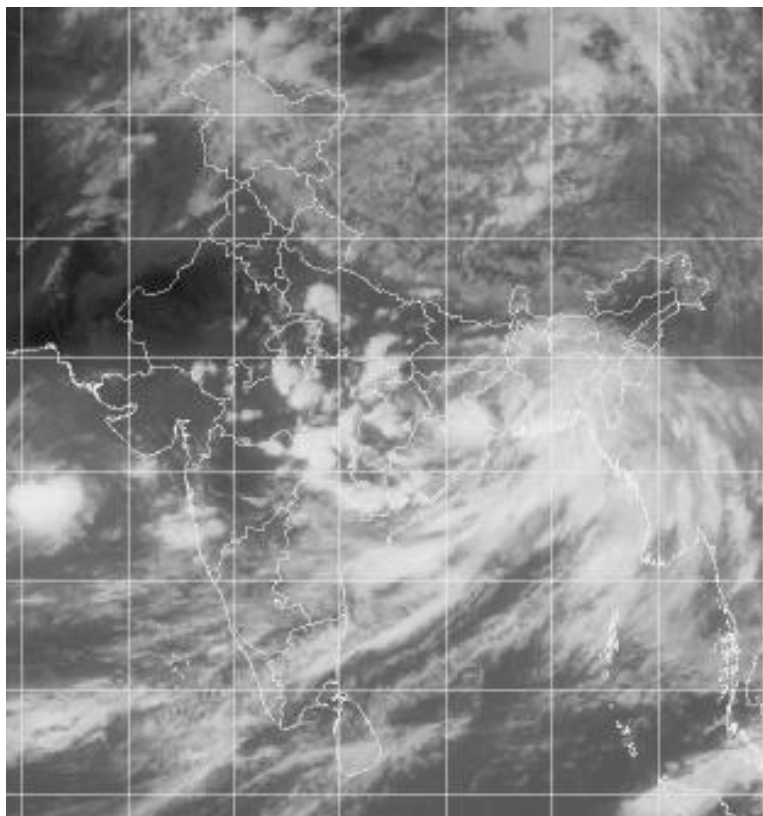
BUY NCDEX- October Guar Gum at 4420-4440 with **target** of 4480 then 4505 **Stop loss** at 4405.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.09.06	19.09.06	Change
Guar Seed	Bikaner	1665-1670	1665-1670	-
	Jodhpur	1780-1800	1780-1800	-
	Nokha	1660	1675	-15.00
	Sriganganagar	1650	1643	-7.00
Guar Gum	Jodhpur	4580	4600	-20.00

SATELLITE PICTURE OF MONSOON PROGRESS (20.09.06)



Monsoon Outlook (20.09.06)

- Yesterday's well marked low pressure area over northeast Bay of Bengal and neighbourhood now lies over northwest Bay off north Orissa-West Bengal Coast. Under its influence, enhanced rainfall activity with isolated heavy to very heavy falls are likely over Gangetic West Bengal and Orissa during next 48 hours. Fairly widespread rainfall with isolated heavy falls are also likely over Jharkhand, Chhattisgarh, north Coastal Andhra Pradesh and Telangana during same period.
- The low pressure area persists over east central Arabian sea.

Heavy Rainfall Warning:

- Isolated heavy to very heavy falls are likely over Orissa and Gangetic West Bengal.
- Isolated heavy falls are also likely over north Coastal Andhra Pradesh, Telangana, Chhattisgarh, Jharkhand and along the west coast.

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

- Fairly widespread rainfall activity is likely to continue over East & adjoining Central India.

Source: GOI (IMD)

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