

GUAR DAILY

September 11, 2006

GUAR

SPOT MARKETS:

Guar prices remained weak in the spot market on the expectation of higher production due to the ongoing rainfall in guar growing belts of Rajasthan. Moreover, the spill over trading in futures market restricted the buyers' activities. Presently, the crop is in healthy condition and total output likely to increase this year as compared to last year. However, another spell of rainfall is necessary in the coming fortnight for better growth of the standing crop. The coming sentiment of guar to a great extent depends on the rainfall of coming fortnight. The arrival of guar seed in some parts of Rajasthan mainly in Sriganganagar district is also softening the market sentiments. Moreover, the soft trading in futures market limited the physical market activities.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a bearish trade following a weak opening. Increased speculative selling pressurizing the futures. Finally the futures settled red. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1615-1632 per qtl, while the most active October contract moved in the range of Rs. 1626-1649 per qtl. Guar Gum September contract traded in the range of Rs. 4115-4155 per qtl, while the most active October contract moved in the range of Rs. 4143-4230 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production
2. Anticipation of rainfall in Rajasthan
3. Soft trading in futures market

Bullish:

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 fortnight for better growth of the standing crop.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	09.09.06	08.09.06	Change
Guar Seed	Bikaner	1570	1580	-10.00
	Jodhpur	1675	1680	-5.00
	Nokha	1560	1570	-10.00
	Sriganganagar	1550	1560	-10.00
Guar Gum	Jodhpur	4280	4300	-20.00

TECHNICALS:

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

OUTLOOK:

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

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Oct.	1580	1610	1634	1670	1685
Guar Gum Oct.	4123	4157	4191	4250	4300

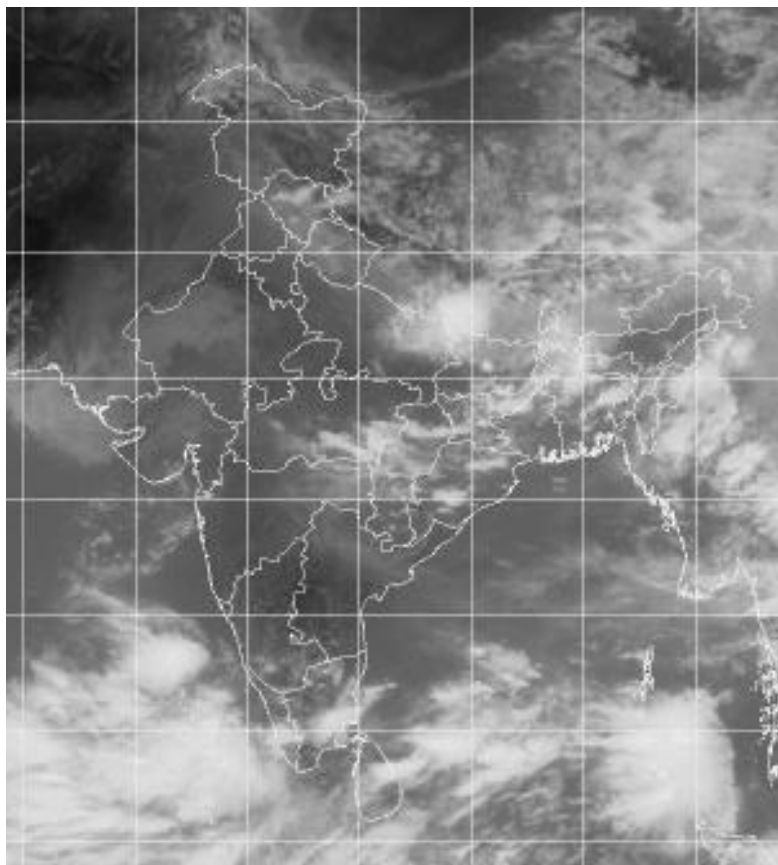
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- October Guar Seed at 1640-1650 with target of 1615 then 1600 **Stop loss** at 1660.

SELL NCDEX- October Guar Gum at 4210-4230 with target of 4170 then 4145 **Stop loss** at 4245.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (09.09.06)



Monsoon Outlook (09.09.06)

- ✍ During past 24 hours, fairly widespread rainfall occurred over northeastern States, Sub-Himalayan West Bengal & Sikkim, Tamil Nadu & Pondicherry, Kerala, Lakshadweep and Andaman & Nicobar Islands. The current meteorological analysis suggests that enhanced rainfall activity is likely to continue over the above areas during next 2-3 days. The rainfall activity is also likely to increase over Bihar & East Uttar Pradesh from today for next 2-3 days.
- ✍ Numerical Weather Prediction Models suggests formation of an upper air cyclonic circulation over west-central Bay of Bengal around 12th, which may develop into a low pressure area.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls are likely at a few places over northeastern States and Sub-Himalayan West Bengal & Sikkim. Isolated heavy to very heavy falls are also likely over Bihar & adjoining East Uttar Pradesh, Tamil Nadu & Pondicherry, Kerala, Lakshadweep and Andaman & Nicobar Islands.

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

- ✍ Enhanced rainfall activity likely to continue over extreme south peninsula, northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar and East Uttar Pradesh.
- ✍ Subdued rainfall activity likely over remaining parts of the country. However, there is a possibility of increase in rainfall activity over Coastal Andhra Pradesh and Rayalaseema.

Source: GOI (IMD)

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