

GUAR DAILY

September 23rd, 2006

GUAR

SPOT MARKETS:

Guar seed and guar gum traded with steady to slightly lower tone on confusion over expected guar production. Drizzling in some parts of Rajasthan and haryana is also pressurized the tone. However, demand remained steady on decreasing carry forward stocks. However, the buyers get motivated on the scarcity of rainfall in major guar growing belts as well as IMD's prediction of withdrawing of S.W. monsoon from West Rajasthan. The guar gum export demand from China has also supported the sentiments. Sriganganagar market enjoyed fresh arrivals of guar seed. However, due to higher moisture content the demand is somewhat low. Traders reported the overall production is likely to be somewhat higher from previous year. However, the long spell of dry weather in the time of critical stage of the crops may affect the yield.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a bearish trade following a weak opening. Increased selling interest at some higher level pressurized the futures and settled red with some losses. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1700-1756 per qtl, while the most active November contract moved in the range of Rs. 1722-1787 per qtl. Guar Gum October contract traded in the range of Rs. 4276-4475 per qtl, while the most active November contract moved in the range of Rs. 4351-4580 per qtl.

PRICE DRIVERS:

Bearish:

1. Confusion over overall expected production
2. Drizzling in some parts of Rajasthan

Bullish:

3. Good demand and lower carry forward stocks
4. S.W. monsoon has withdrawn from West Rajasthan

WEATHER IMPACT:

Crop has reached flowering to pod filling stage in majority of the growing areas. However, withdrawing of S.W. monsoon from West Rajasthan may affect the

TECHNICALS:

Candlestick pattern is showing steady to firm opening. Stochastic is in normal region and moving 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 upwards initially following a steady to firm opening with possibility of some downwards movement later.

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Nov.	1700	1710	1739	1800	1820
Guar Gum Nov.	4330	4380	4434	4580	4622

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- November Guar Seed at 1720-1730 with target of 1755 then 1770 **Stop loss** at 1710.

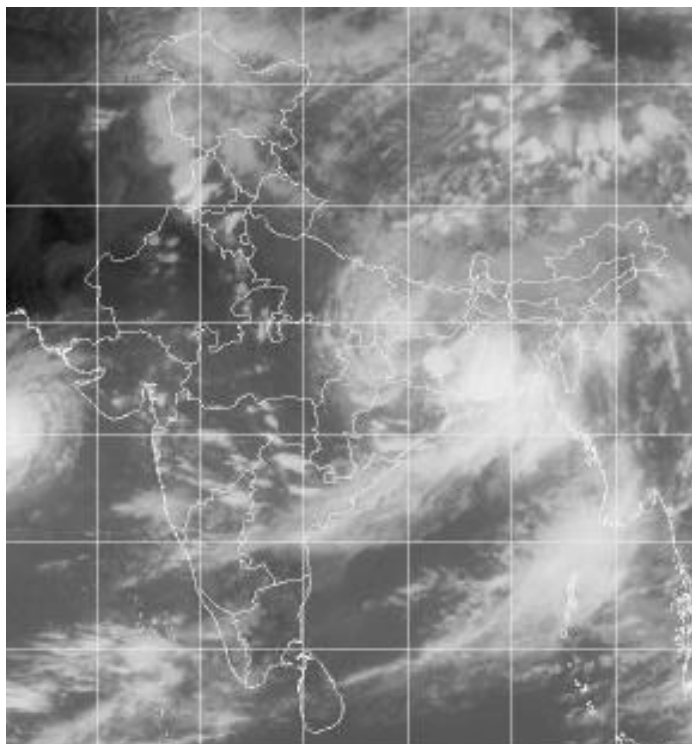
BUY NCDEX- November Guar Gum at 4400-4420 with target of 4460 then 4485 **Stop loss** at 4385.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	22.09.06	21.09.06	Change
Guar Seed	Bikaner	1650	1660	-5.00
	Jodhpur	1760	1775	-5.00
	Nokha	1638	1650	-12.00
	Sriganganagar	1650	1650	-
Guar Gum	Jodhpur	4480	4570-4580	-90.00

SATELLITE PICTURE OF MONSOON PROGRESS (22.09.06)



Monsoon Outlook (22.09.06)

- Yesterday's depression over Jharkhand moved northwestwards and lay centred at 0830 IST of today about 50 Km east of Ranchi. The system is likely to move initially in a north-northwesterly direction. Under its influence, widespread rainfall with scattered heavy to very heavy falls are likely over Bihar, West Bengal & Sikkim and Jharkhand during next 24 hours. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over East Uttar Pradesh, north Orissa, north Chhattisgarh and northeastern States.
- Yesterday's deep depression over east central Arabian Sea moved slightly northwards and intensified into a cyclonic storm. It lay centred at 0830 hours IST of today about 400 Km southwest of Porbandar. It is likely to intensify further and move initially in a northerly direction during next 6 hours. Subsequently, Numerical Weather Prediction models suggest northeasterly movement of the system towards Gujarat coast.

Heavy Rainfall Warning:

- Heavy to very heavy falls are likely at a few places over Bihar, West Bengal & Sikkim and Jharkhand. Isolated heavy to very heavy falls are also likely over Konkan & Goa, Coastal Karnataka East Uttar Pradesh, north Orissa, north Chhattisgarh and northeastern States.

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

- Enhanced rainfall activity likely to continue over East & northeast India.

Source: GOI (IMD)

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