

GUAR DAILY

September 20, 2006

GUAR

SPOT MARKETS:

A positive note is witnessed in guar sentiments in the domestic markets on good demand amidst meager arrivals. The guar gum export demand from China is also supporting the bullishness in the market. Sriganganagar market enjoyed about 17000 bags fresh arrivals of guar seed. However, due to higher moisture content the demand is somewhat low. Some parts of Rajasthan, particularly Bikaner, Churu are reportedly experiencing lack of rainfall and 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. The buyers get motivated on the IMD's prediction of dry weather likely to prevail in Rajasthan. 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.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed an upward trade initially following a firm 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. 1725-1755 per qtl, while the most active October contract moved in the range of Rs. 1760-1793 per qtl. Guar Gum September contract traded in the range of Rs. 4315-4495 per qtl, while the most active October contract moved in the range of Rs. 4490-4580 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 months.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	19.09.06	18.09.06	Change
Guar Seed	Bikaner	1665-1670	1670	-
	Jodhpur	1780-1800	1800	-
	Nokha	1675	1664	+11.00
	Sriganganagar	1643	1643	-
Guar Gum	Jodhpur	4600	4550-4600	-

TECHNICALS:

Candlestick pattern is showing weak opening. Stochastic is in oversold region and moving slightly upwards. MACD is in positive 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 weak opening with possibility of downwards movement later.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Oct.	1721	1735	1761	1793	1816
Guar Gum Oct.	4416	4445	4495	4600	4645

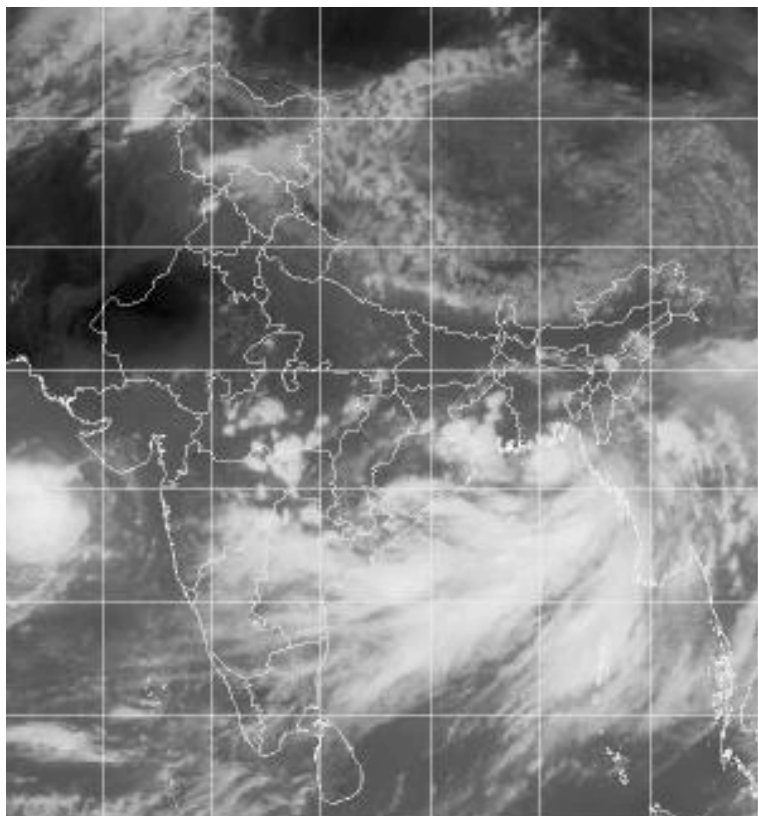
INTRADAY TRADE RECOMMENDATION:

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 (19.09.06)



Monsoon Outlook (19.09.06)

- Yesterday's low pressure area over north Coastal Andhra Pradesh and neighbourhood has become less marked. However, the associated upper air cyclonic circulation lies over the same area extending upto mid-tropospheric levels. Under its influence, fairly widespread rainfall with isolated heavy to very heavy falls are likely over north Coastal Andhra Pradesh, Telangana and coastal Orissa & West Bengal during next 1-2 days.
- Under the influence of the low pressure area over east central Arabian sea & adjoining Saurashtra region and an off-shore trough extending from this system upto Kerala coast, fairly widespread rainfall with isolated heavy to very heavy falls are likely over Konkan & Goa (including Mumbai), Coastal Karnataka and Kerala during next 1-2 days.
- Yesterday's low pressure area over east-central Bay of Bengal now lies over northeast Bay of Bengal and neighbourhood. It is likely to become more marked.

Heavy Rainfall Warning:

- Isolated heavy to very heavy falls are likely over north Coastal Andhra Pradesh, Telangana, coastal areas of Orissa & West Bengal, Konkan & Goa (including Mumbai), Coastal Karnataka and Kerala.

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

- Increase in rainfall activity likely over east and northeast India.

Source: GOI (IMD)

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