

GUAR DAILY

September 19, 2006

GUAR

SPOT MARKETS:

Guar offered mostly higher prices in majority of physical market. About 17000 bags fresh arrivals of guar seed is reported from Sriganganagar district. 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. 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.

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 settled green. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1705-1750 per qtl, while the most active October contract moved in the range of Rs. 1730-1788 per qtl.. At the NCDEX, Guar Gum September contract traded in the range of Rs. 4305-4469 per qtl, while the most active October contract moved in the range of Rs. 4440-4570 per qtl.

PRICE DRIVERS:

Bearish:

1. fresh arrivals of guar seed at Sriganganagar .

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 Gujrat

WEATHER IMPACT:

Crop has reached flowering to pod filling stage in majority of the growing areas Hence, rainfall and

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	18.09.06	16.09.06	Change
Guar Seed	Bikaner	1670	1660	+10.00
	Jodhpur	1800	1775	+25.00
	Nokha	1664	1640	+24.00
	Sriganganagar	1643	1650	-7.00
Guar Gum	Jodhpur	4550-4600	4550-4600	-

TECHNICALS:

Candlestick pattern is showing firm 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 bullish trading.

OUTLOOK:

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

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Oct.	1747	1765	1784	1836	1850
Guar Gum Oct.	4484	4512	4555	4668	4700

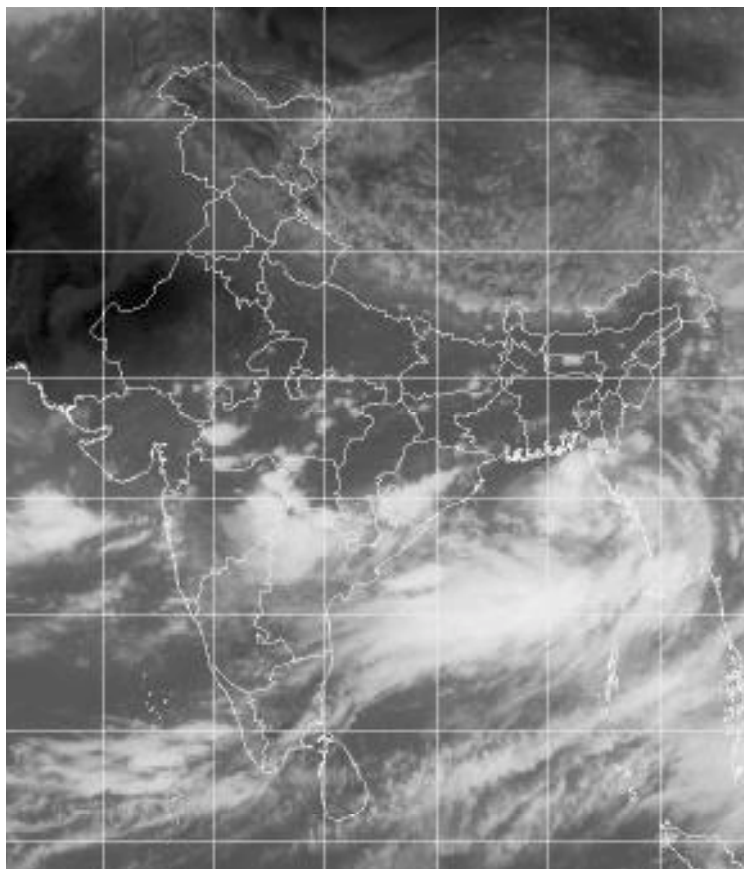
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- October Guar Seed at 1765-1775 with **target** of 1800 then 1815 **Stop loss** at 1755.

BUY NCDEX- October Guar Gum at 4520-4540 with **target** of 4580 then 4605 **Stop loss** at 4505.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (18.09.06)



Monsoon Outlook (18.09.06)

- Yesterday's low pressure area over north Coastal Andhra Pradesh and neighbourhood persists. Under its influence, widespread rainfall with isolated heavy to very heavy falls are likely over north Coastal Andhra Pradesh and Telangana during next 2-3 days. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over south Orissa and south Chhattisgarh during same period.
- The other low pressure area over east central Arabian Sea and adjoining north Konkan & south Gujarat coasts also persists. An off shore trough from this system runs upto Kerala coast. Under its influence, widespread rainfall activity with heavy to very heavy falls at a few places are likely over Konkan & Goa (including Mumbai) and Madhya Maharashtra during next 2-3 days. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over south Gujarat, Coastal Karnataka and Kerala during same period.

Heavy Rainfall Warning:

- Heavy to very heavy falls at a few places are likely over Konkan & Goa (including Mumbai), Madhya Maharashtra, Coastal Karnataka and Kerala. Isolated heavy to very heavy falls are also likely over south Gujarat, Marathwada, south Orissa, south Chhattisgarh, north Coastal Andhra Pradesh, Telangana and Andaman & Nicobar Islands.

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

- Increase in rainfall activity over Orissa and Gangetic West Bengal.
- Enhanced rainfall activity likely to continue over Maharashtra & Goa, South Gujarat region and south Peninsula.

Source: GOI (IMD)

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