

GUAR DAILY

September 26th, 2006

GUAR

SPOT MARKETS:

Steady sentiments continued at majority of domestic market on spillover trade at spots. The lack of buying activities is reported from majority of markets. The confusion over expected out put is also pressurizing the market sentiments. However, lacks of rainfall in these days are noticed in major guar producing belts. The buyers have been closely watching the futures market for the further direction. 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 bullish trade initially following a steady opening. Increased buying interest at some lower level supported the futures and traded upwards. However, selling pressure at the higher levels slid down the futures and settled blue in final action. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1705-1733 per qtl, while the most active November contract moved in the range of Rs. 1728-1757 per qtl. Guar Gum October contract traded in the range of Rs. 4325-4384 per qtl, while the most active November contract moved in the range of Rs. 4400-4470 per qtl.

PRICE DRIVERS:

Bearish:

1. Confusion over overall expected production
2. Spill over trade at spot market

Bullish:

3. Good demand and lower carry forward stocks
4. S.W. monsoon has withdrawn from West and some part of East Rajasthan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 crops.

TECHNICALS:

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

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Nov.	1690	1702	1732	1766	1780
Guar Gum Nov.	4312	4350	4407	4480	4517

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- November Guar Seed at 1745-1755 with target of 1720 then 1705 **Stop loss** at 1765.

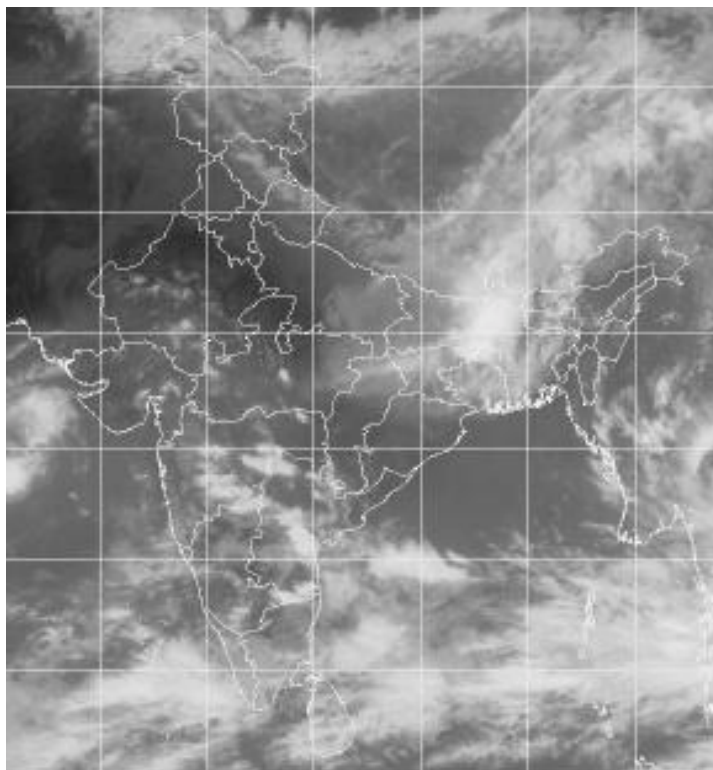
SELL NCDEX- November Guar Gum at 4430-4440 with target of 4395 then 4375 **Stop loss** at 4455.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	25.09.06	23.09.06	Change
Guar Seed	Bikaner	1650	1650-1660	-
	Jodhpur	1760-1775	1760-1775	-
	Nokha	1638	1638	-
	Sriganganagar	1640-1650	1650	-
Guar Gum	Jodhpur	4480-4500	4480	-

SATELLITE PICTURE OF MONSOON PROGRESS (25.09.06)



Monsoon Outlook (25.09.06)

- Southwest monsoon has further withdrawn from some parts of Jammu division, entire Punjab, most parts of Haryana (including Delhi & Chandigarh) and West Rajasthan; some parts of East Rajasthan. The withdrawal line passes through Jammu, Chandigarh, Delhi, Ajmer and Barmer.
- Yesterday's well marked low pressure area now lies as a low pressure area over Bihar and neighbourhood. Under its influence, widespread rainfall with isolated heavy to very heavy falls likely over Bihar and Sub-Himalayan West Bengal & Sikkim and Assam & Meghalaya. Fairly widespread rainfall also likely over East Uttar Pradesh and Jharkhand.
- Yesterday's deep depression over northeast and adjoining eastcentral Arabian Sea further weakened into a well marked low pressure area last night and now lies as a low pressure area over the same area.
- Numerical weather prediction models suggest formation of a low pressure area over east-central Bay of Bengal around 27th September.

Heavy Rainfall Warning:

- Isolated heavy to very heavy falls are likely over Bihar and Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya, Kerala, Lakshadweep and Andaman & Nicobar Islands

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

- Enhanced rainfall activity likely over Coastal Andhra Pradesh and adjoining areas.

Source: GOI (IMD)

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