

GUAR DAILY

September 09, 2006

GUAR

SPOT MARKETS:

Expectation of higher production due to the ongoing rainfall in guar growing belts of Rajasthan does not allow the vertical lift in the prices of guar seed and guar gum in the major domestic market. 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 soft trading activity following a firm opening. Increased speculative selling pressurized the futures sentiment. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1616-1653 per qtl, while the most active October contract moved in the range of Rs. 1626-1670 per qtl. At the NCDEX, Guar Gum September contract traded in the range of Rs. 4111-4210 per qtl, while the most active October contract moved in the range of Rs. 4180-4280 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production
2. Isolated heavy to very heavy falls also likely over south 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.

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.	1600	1617	1643	1672	1685
Guar Gum Oct.	4123	4157	4211	4269	4318

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- October Guar Seed at 1650-1660 with target of 1625 then 1610 **Stop loss** at 1670.

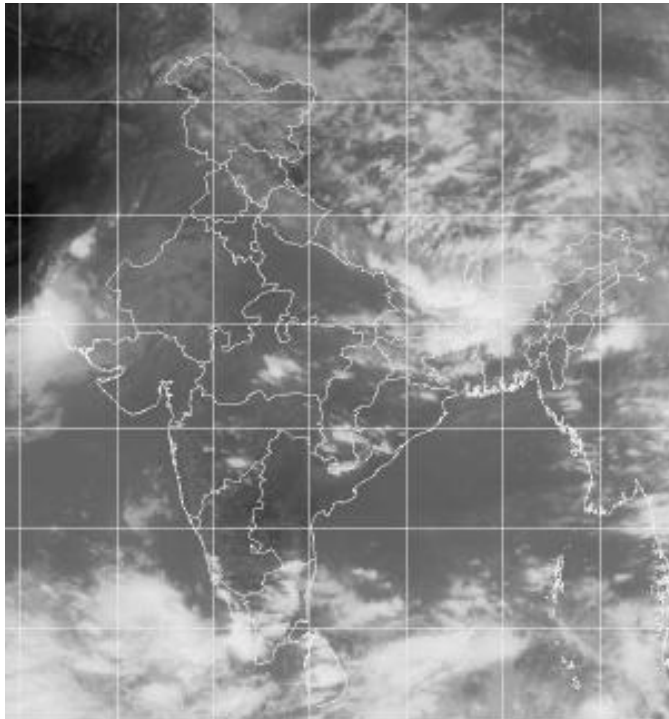
SELL NCDEX- October Guar Gum at 4220-4240 with target of 4180 then 4155 **Stop loss** at 4255.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	08.09.06	07.09.06	Change
Guar Seed	Bikaner	1580	1590	-10.00
	Jodhpur	1680	1680-1685	-
	Nokha	1570	1570	-
	Sriganganagar	1560	1560	-
Guar Gum	Jodhpur	4300	4320	-20.00

SATELLITE PICTURE OF MONSOON PROGRESS (08.09.06)



Monsoon Outlook (08.09.06)

- ✍ Yesterday's well marked low pressure area over southwest Rajasthan and neighbourhood weakened into a low pressure area and moved away westwards.
- ✍ The current meteorological analysis suggests that fairly widespread rainfall with isolated heavy falls are likely over extreme south peninsula and northeastern States during next 2-3 days.

Heavy Rainfall Warning:

- ✍ Isolated heavy falls are likely over Tamil Nadu & Pondicherry, Kerala, Lakshadweep, Sub-Himalayan West Bengal & Sikkim and northeastern States during next 2-3 days

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

- ✍ Enhanced rainfall activity likely to continue over extreme south peninsula, northeastern States and Sub-Himalayan West Bengal & Sikkim.
- ✍ Subdued rainfall activity likely over remaining parts of the country.

Source: GOI (IMD)

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