

GUAR DAILY

September 22nd, 2006

GUAR

SPOT MARKETS:

Guar seed and guar gum traded with positive note in major domestic market on good demand amidst meager arrivals. The scarcity of rainfall in major guar growing belts motivated the stockiest to increase their holding. Some drizzling in Jodhpur restricted the up trend. However, IMD's prediction of prevailing dry weather in coming days as well as withdrawing of S.W. monsoon from West Rajasthan has increased the speculation among traders. 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 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 traded downwards. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1731-1760 per qtl, while the most active November contract moved in the range of Rs. 1752-1786 per qtl. Guar Gum October contract traded in the range of Rs. 4370-4476 per qtl, while the most active November contract moved in the range of Rs. 4450-4549 per qtl.

PRICE DRIVERS:

Bearish:

1. Some drizzling at Jodhpur

Bullish:

2. Good demand and lower carry forward stocks
3. Good export demand from China
4. Lack of rains in major areas of 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.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	21.09.06	20.09.06	Change
Guar Seed	Bikaner	1660	1665-1670	-5.00
	Jodhpur	1775	1780-1800	-5.00
	Nokha	1650	1660	-10.00
	Sriganganagar	1650	1650	-
Guar Gum	Jodhpur	4570-4580	4580	-

TECHNICALS:

Candlestick pattern is showing weak opening. Stochastic is in oversold region and moving downwards. MACD is in negative territory and moving slightly downwards. Prices closed above 9-day and 18-day EMA. Indicating sideways trading.

OUTLOOK:

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

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Nov.	1724	1737	1754	1800	1820
Guar Gum Nov.	4368	4405	4450	4580	4622

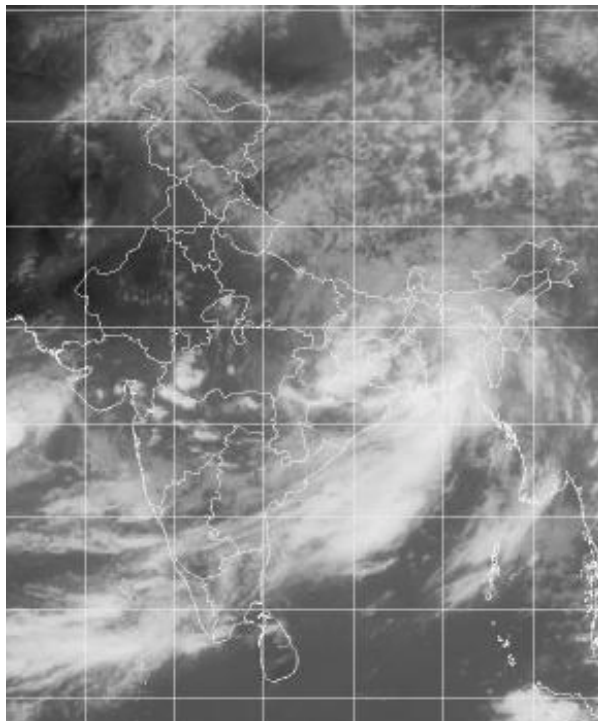
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- November Guar Seed at 1735-1745 with target of 1770 then 1785 **Stop loss** at 1725.

BUY NCDEX- November Guar Gum at 4420-4440 with target of 4480 then 4505 **Stop loss** at 4405.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (21.09.06)



Monsoon Outlook (21.09.06)

- Southwest monsoon has withdrawn from some parts of Punjab and most parts of West Rajasthan. The withdrawal line passes through Ferozepur, Churu, Jodhpur and Barmer.
- Yesterday's well-marked low-pressure area over Gangetic West Bengal intensified into a depression and lay at 0830 hours IST today over Jharkhand with its centre close to Jamshedpur. The system is likely to move in a northwesterly direction. Under its influence, widespread rainfall with scattered heavy to very heavy falls and isolated extremely heavy falls are likely over Gangetic West Bengal, Jharkhand, north Orissa and north Chhattisgarh during next 24 hours. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over Bihar, south Orissa, south Chhattisgarh and north Coastal Andhra Pradesh.
- The low pressure area over east central Arabian Sea also concentrated into a depression and lay at 0830 IST of today with its center near lat 19.5° N and long 66.0° E about 450 Km southwest of Porbandar. The system is likely to intensify further and move initially in a west-northwesterly direction.

Heavy Rainfall Warning:

- Scattered heavy to very heavy falls with isolated extremely heavy falls are likely over Gangetic West Bengal, Jharkhand, north Orissa and north Chhattisgarh.
- Isolated heavy to very heavy falls are also likely over Bihar, south Orissa, south Chhattisgarh, Konkan & Goa, north Coastal Andhra Pradesh, Coastal Karnataka, Kerala and Lakshadweep.

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

- Increase in rainfall activity over central India, East Uttar Pradesh and Bihar.
- Decrease in rainfall activity over Orissa, Gangetic West Bengal and Jharkhand.

Source: GOI (IMD)

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