

GUAR DAILY

September 02nd, 2006

GUAR

SPOT MARKETS:

The guar price remained very weak and seems to travel towards floor on account of expectations of good crop and speculators intervention. The arrival of guar seed in some parts of Rajasthan mainly in Sriganganagar district is also underpinning the market sentiments. The anticipation of good crops due to suitable rainfall in major guar growing belts is also supported the bearish tone. Traders from Sriganganagar district attributed a higher production this time and predicted somewhat higher from last year's 9-10 lakh bags. The traders perceived that despite of some crop loss and risk factor in main guar production district at Bermer, Badmer, Pali in Rajasthan and some parts of Gujarat on heavy rainfall not significantly affect the total production. However, the crop may affect drastically, if rains do not revisit in this month that is very much needed for the critical growth stage of the crop.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a weak sentiment following a weak opening. However, increased selling interest pressurized the futures. Finally the futures settled lower near day's low with losses. Guar Seed September contract traded in the range of 1661-1713 while October contract fluctuated in the range of 1678-1722. Guar Gum September contract traded in the range of 4220-4375, while the October contract fluctuated in the range of 4280-4425.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production
2. Speculative selling in futures market
3. Anticipation of heavy rainfall over East and West Rajasthan

Bullish:

4. Good demand amidst lower carry forward stocks

WEATHER IMPACT:

The prevailing weather in Southeast Rajasthan is favourable for crop.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	01.09.06	31.08.06	Change
Guar Seed	Bikaner	1650	1700	-50.00
	Jodhpur	1760	1800	-40.00
	Nokha	1600	1600	-
	Sriganganagar	1620	1650	-30.00
Guar Gum	Jodhpur	4500	4550	-50.00

TECHNICALS:

Candlestick formation is showing bearish tone. Stochastic are in oversold region. The % K line likely to cross % D line from the above and moving downwards, hinting some down trend. MACD is showing short-term weakness in the market. Prices closed much below 9-day and 18-day EMA, indicating bearish trend.

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 Sept	1673	1650	1721	1750	1772
Guar Gum Sept	4281	4250	4360	4450	4500

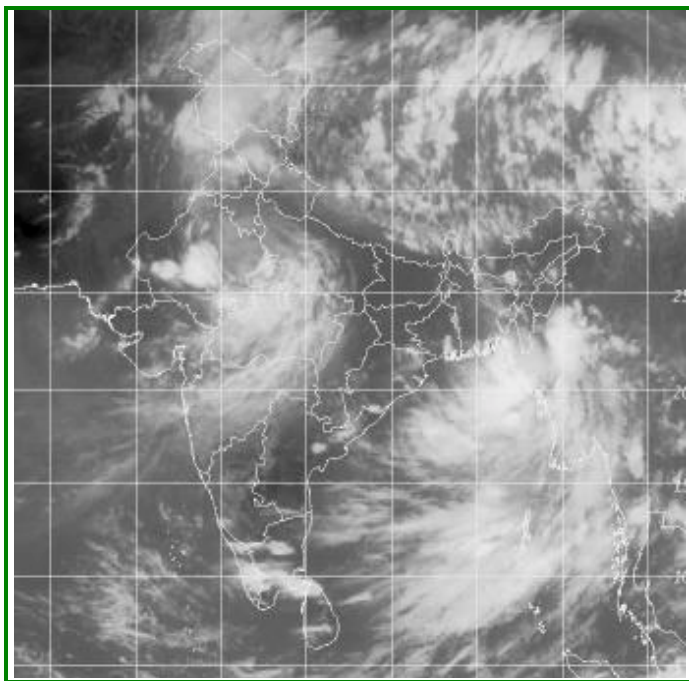
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- October Guar Seed at 1720-1730 with target of 1700 then 1685 **Stop loss** at 1740.

SELL NCDEX- October Guar Gum at 4360-4380 with target of 4320 then 4295 **Stop loss** at 4395.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (01.09.06)



Monsoon Outlook (01.09.06)

- ✍ Yesterday's depression over East Madhya Pradesh moved in a north-northwesterly direction and now lies over East Rajasthan with its centre at 0830 hours IST of today, near Lat 26.0° N and Long 76.5° E, close to Sawai Madhopur. The system is likely to move in a north-northwesterly direction and weaken gradually.
Under its influence, widespread rainfall with heavy to very heavy falls at a few places and isolated extremely heavy falls (25 cm or more) is likely over West Madhya Pradesh and East Rajasthan during next 24 hours.
- ✍ This system is interacting with a Western disturbance and is likely to cause enhanced rainfall activity with heavy to very heavy falls at a few places over Western Himalayan region and plains of northwest India during next 48 hours.
- ✍ Numerical weather prediction models suggest formation of a low pressure area over north Bay of Bengal around 3rd which is likely to increase rainfall activity initially over Gangetic West Bengal and Orissa.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls at a few places with isolated extremely heavy falls (25 cm or more) is likely over West Madhya Pradesh and East Rajasthan during next 24 hours. Heavy to very heavy falls at a few places also likely over Jammu & Kashmir, Himachal Pradesh, Uttaranchal, Punjab, Haryana, Delhi, West Rajasthan, West Uttar Pradesh and Andaman & Nicobar Islands during next 48 hours.

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

- ✍ Increase in rainfall activity likely over east India.

Source: GOI (IMD)

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd