

GUAR DAILY

September 13, 2006

GUAR

SPOT MARKETS:

Guar prices remained steady on the direction of bearish tone of futures market. The previous day's bullishness is restricted on the confusion of anticipated output and vagaries nature of monsoon. Although, the abundant rains so far is suitable for crop growth but additional rainfall within next few days is very important for crop growth. Lack of rain mainly in Churu, Nagar, Bikaner districts may cause some harm on the crops. However, traders attribute a good acreage under guar crops in this year. The good demand has witnessed in the spot market. Traders are optimistic that the spot prices would improve shortly. The coming sentiment of guar to a great extent depends on the rainfall of coming fortnight.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a bearish trade following a firm opening. Increased selling interest pressurized the futures and capped the early gains. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1645-1700 per qtl, while the most active October contract moved in the range of Rs. 1658-1716 per qtl. Guar Gum September contract traded in the range of Rs. 4200-4298 per qtl, while the most active October contract moved in the range of Rs. 4245-4374 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production
2. Bearish tone in futures market

Bullish:

3. Good demand amidst expected lower carry forward stocks
4. Lack of rainfall within 10 days may affect the crops

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

TECHNICALS:

Candlestick pattern is showing weak opening. Stochastic is in oversold region and moving upwards. MACD is in negative territory and moving upwards. 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 with possibility of some upward movement later.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Oct.	1606	1626	1673	1689	1706
Guar Gum Oct.	4129	4200	4287	4374	4423

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- October Guar Seed at 1675-1680 with target of 1657 then 1647 Stop loss at 1687.

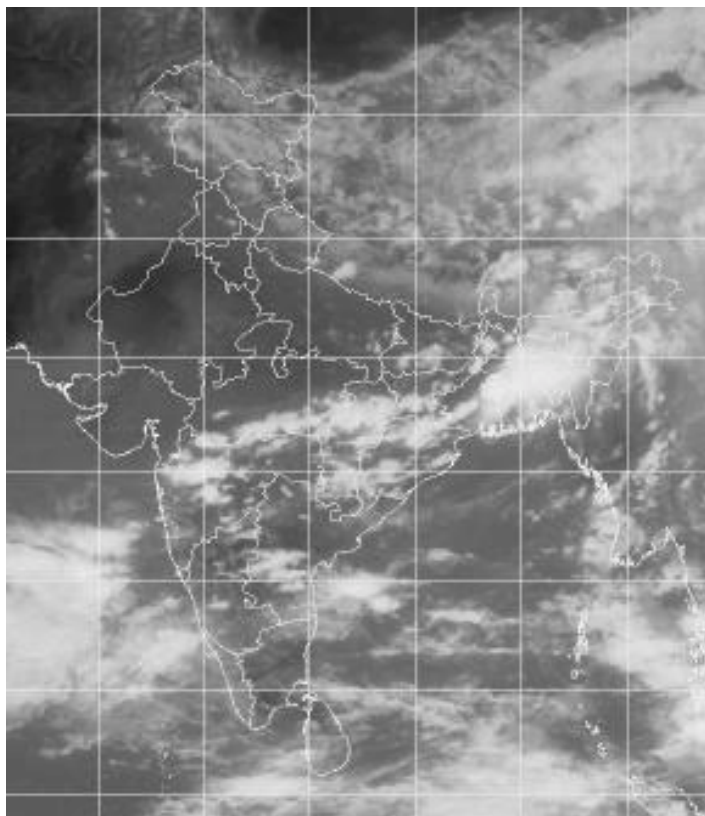
SELL NCDEX- October Guar Gum at 4290-4300 with target of 4255 then 4235 Stop loss at 4315.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	12.09.06	11.09.06	Change
Guar Seed	Bikaner	1590-1600	1600	-
	Jodhpur	1700-1715	1715	-
	Nokha	1580	1580	-
	Sriganganagar	1590	1590	-
Guar Gum	Jodhpur	4400-4420	4420	-

SATELLITE PICTURE OF MONSOON PROGRESS (12.09.06)



Monsoon Outlook (12.09.06)

- ✍ During past 24 hours, fairly widespread rainfall with isolated heavy to very heavy falls have occurred over northeastern States, Sub-Himalayan West Bengal & Sikkim and Kerala. The ongoing rainfall activity is likely to continue over the above regions during next 2-3 days.
- ✍ As predicted, an upper air cyclonic circulation has formed over westcentral Bay of Bengal off south Andhra Pradesh coast. It may develop into a low pressure area and increase the rainfall activity over Andhra Pradesh and adjoining areas during next 2-3 days.

Heavy Rainfall Warning:

- ✍ Isolated heavy to very heavy falls are likely over northeastern States, Sub-Himalayan West Bengal & Sikkim, Kerala and Lakshadweep.

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

- ✍ Enhanced rainfall activity is likely to continue over northeastern States and Sub-Himalayan West Bengal & Sikkim.
- ✍ Scattered to fairly widespread rainfall are also likely over south peninsula and Maharashtra.

Source: GOI (IMD)

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