

GUAR DAILY

September 16, 2006

GUAR

SPOT MARKETS:

Guar sentiment in physical market remained steady to somewhat bearish and mainly following the sideways trading in futures market. The buyers get motivated on the IMD's prediction of dry weather likely to prevail in Rajasthan and Gujarat. The guar gum export demand from China is also supporting the bullishness in the market. Traders are seen interested to hedge the commodity against futures at NCDEX. Early assumption of higher production might be restricted somewhat on long spell of dryness onwards in the guar growing belts. Lack of rain mainly in Churu, Nagar, Bikaner districts may cause some harm on the crops. Traders are optimistic that the spot prices would increase sharply in near future.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a sideways trade following a weak opening. Increased buying interest on the anticipation of no rains supported the futures and restricted further fall. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1681-1712 per qtl, while the most active October contract moved in the range of Rs. 1700-1737 per qtl. Guar Gum September contract traded in the range of Rs. 4250-4365 per qtl, while the most active October contract moved in the range of Rs. 4360-4465 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production

Bullish:

2. Good demand amidst expected lower carry forward stocks
3. Good export demand from China
4. Mainly dry weather likely to prevail in Rajasthan and Gujrat

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 normal region and moving upwards. MACD is in negative territory and moving upwards. Prices closed above 9-day but below 18-day EMA. Indicating sideways trading.

OUTLOOK:

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

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Oct.	1691	1672	1717	1780	1802
Guar Gum Oct.	4297	4346	4412	4515	4600

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- October Guar Seed at 1705-1715 with **target** of 1740 then 1755 **Stop loss** at 1690.

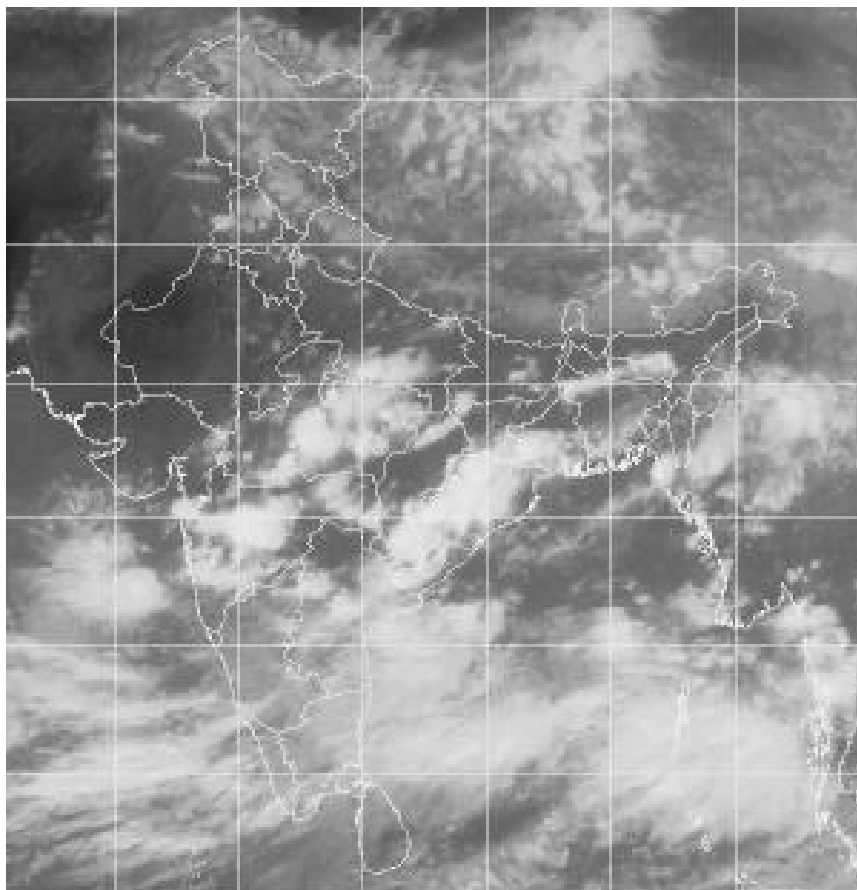
BUY NCDEX- October Guar Gum at 4380-4400 with **target** of 4440 then 4465 **Stop loss** at 4365.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	15.09.06	14.09.06	Change
Guar Seed	Bikaner	1650	1660	-10.00
	Jodhpur	1750	1775	-25.00
	Nokha	1630	1630	-
	Sriganganagar	1650	1650	-
Guar Gum	Jodhpur	4500-4550	4600	-50.00

SATELLITE PICTURE OF MONSOON PROGRESS (15.09.06)



Monsoon Outlook (15.09.06)

- ✍ As predicted, a low pressure area has formed over west central Bay of Bengal off Andhra Pradesh coast. The east-west shear zone has shifted slightly northwards and now runs across north Coastal Andhra Pradesh and south Konkan & Goa. Under this scenario fairly widespread rainfall with isolated heavy to very heavy falls is likely over south peninsula and Konkan & Goa during next 2-3 days.
- ✍ Ongoing enhanced rainfall activity over northeastern States is likely to decrease during next 3-4 days.

Heavy Rainfall Warning:

- ✍ Isolated heavy to very heavy falls are likely over Coastal Andhra Pradesh, Konkan & Goa, Coastal Karnataka, Kerala and Andaman & Nicobar Islands.

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

- ✍ With the likely northwestwards movement of the low pressure area, rainfall activity is likely to increase over parts of East India, interior Maharashtra and Madhya Pradesh.

Source: GOI (IMD)

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