

GUAR DAILY

September 28th, 2006

GUAR

SPOT MARKETS:

Down tone at futures market is pressurizing the guar sentiments at physical mandis. The confusion of expected production status and fresh arrivals of guar seed in some market is also underpinning the sentiment. The arrivals will be increasing in the coming days. However, the peak arrival is likely to after Dipawali. The lack of buying activities is reported from majority of markets. The buyers have been closely watching the futures market for the further direction. 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 sideways trade following a weak opening. Increased selling interest on the confusion over expected output status slid down the futures and settled red with some losses. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1660-1684 per qtl, while the most active November contract moved in the range of Rs. 1683-1710 per qtl.. Guar Gum October contract traded in the range of Rs. 4201-4268 per qtl, while the most active November contract moved in the range of Rs. 4280-4365 per qtl.

PRICE DRIVERS:

Bearish:

1. Confusion over overall expected production
2. Spill over trade at spot market
3. Sharply bearish tone of futures market

Bullish:

4. S.W. monsoon has withdrawn from West and some part of East Rajasthan

WEATHER IMPACT:

Crop has reached pod filling stage in majority of the growing areas. However, withdrawing of S.W. monsoon from West Rajasthan and lack of rains may affect the crops.

TECHNICALS:

Candlestick pattern is showing steady to firm opening. Stochastic is in oversold region and moving slightly upwards. MACD is in negative territory and moving slightly downwards. Prices closed below 9-day and 18-day EMA. Indicating sideways trading.

OUTLOOK:

Guar seed is expected to trade slightly upwards initially following a steady to firm opening and some downwards movement later.

NCDEX Guar Seed November Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Nov.	1650	1666	1694	1713	1727
Guar Gum Nov.	4228	4252	4320	4369	4404

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- November Guar Seed at 1705-1715 with target of 1685 then 1673 **Stop loss** at 1722.

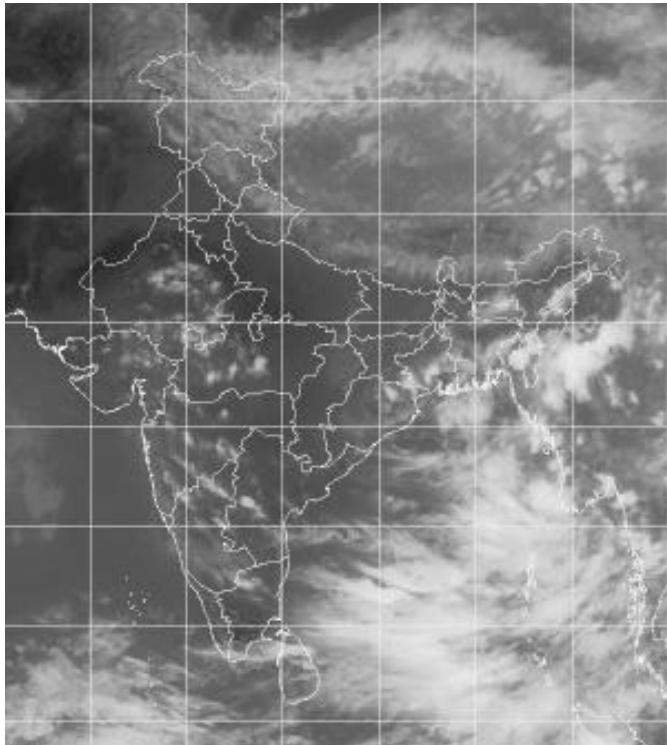
SELL NCDEX- November Guar Gum at 4330-4350 with target of 4300 then 4280 **Stop loss** at 4360.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.09.06	26.09.06	Change
Guar Seed	Bikaner	1610	1610	-
	Jodhpur	1725-1730	1740	-10.00
	Nokha	1610	1610	-
	Sriganganagar	1610	1620	-10.00
Guar Gum	Jodhpur	4380	4440-4450	-60.00

SATELLITE PICTURE OF MONSOON PROGRESS (27.09.06)



Monsoon Outlook (27.09.06)

- South West monsoon withdrawn from entire Jammu & Kashmir, Himachal Pradesh, Uttaranchal, some parts of west Uttar Pradesh, remaining parts of Haryana and West Rajasthan and some more parts of East Rajasthan. Withdrawal line as on 27th passes through Pilibhit, Bareilly, Dholpur, Sawai-Madhopur and Barmer.
- A low pressure area has formed over east-central & adjoining northeast Bay of Bengal. It is likely to increase the rainfall activity over south Peninsula and Orissa from tomorrow for next 2-3 days.

Heavy Rainfall Warning:

- Isolated heavy falls are likely over Andaman & Nicobar Islands.

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

- Fairly widespread rainfall activity likely over peninsular India.

Source: GOI (IMD)

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