

GUAR DAILY

September 15, 2006

GUAR

SPOT MARKETS:

Somewhat upward tone in futures market kept the spot market prices steady to bullish. IMD's prediction of dry weather likely to prevail in Rajasthan and Gujarat activated the buyers. The export demand from Rajasthan is also underpinning the market sentiments. Traders are seen interested to hedge against futures. 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 firm 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. 1684-1719 per qtl, while the most active October contract moved in the range of Rs. 1703-1740 per qtl.. Guar Gum September contract traded in the range of Rs. 4301-4389 per qtl, while the most active October contract moved in the range of Rs. 4380-4480 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 the standing crop.

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	1718	1780	1802
Guar Gum Oct.	4297	4346	4410	4515	4600

INTRADAY TRADE RECOMMENDATION:

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

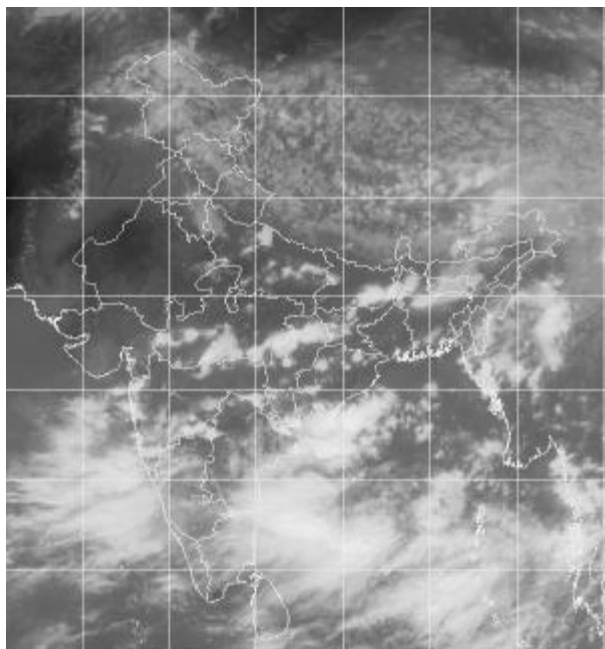
BUY NCDEX- October Guar Gum at 4370-4390 with target of 4430 then 4455 **Stop loss** at 4355.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	14.09.06	13.09.06	Change
Guar Seed	Bikaner	1660	1650	+10.00
	Jodhpur	1775	1730	+45.00
	Nokha	1630	1630	-
	Sriganganagar	1650	1650	-
Guar Gum	Jodhpur	4600	4450	+150.00

SATELLITE PICTURE OF MONSOON PROGRESS (14.09.06)



Monsoon Outlook (14.09.06)

- ✍ Under the influence of a well organized east-west shear zone, increased rainfall activity with isolated heavy to very heavy falls is likely over south peninsula during next 48 hours.
- ✍ Numerical weather prediction models suggest formation of a low pressure area over west central Bay of Bengal around 16th. It will sustain the enhanced rainfall activity over south peninsula for another 2-3 days.
- ✍ Fairly widespread rainfall with isolated heavy to very heavy falls also likely to continue over northeastern States, Sub-Himalayan West Bengal & Sikkim and Andaman & Nicobar Islands during next 2-3 days.

Heavy Rainfall Warning:

- ✍ Isolated heavy to very heavy falls are likely over northeastern States, Sub-Himalayan West Bengal & Sikkim, Coastal Andhra Pradesh, south Konkan & Goa, Coastal Karnataka and Andaman & Nicobar Islands.

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

- ✍ Fairly widespread rainfall activity is likely to continue over northeastern States, Sub-Himalayan West Bengal & Sikkim and south peninsula.
- ✍ Scattered rainfall is also likely over central and eastern India.

Source: GOI (IMD)

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