

## GUAR DAILY

July 27, 2006

### GUAR

#### SPOT MARKETS:

At the physical markets the guar prices maintained its down rally on the back of cloudy weather and intermittent rainfall over certain region. Favourable climatic condition for Guar results into speculative selling which result into decline further in the spot market prices. According to a latest IMD report, Rain/thundershowers are likely at many places over the region with isolated heavy falls. Rainfall activity is likely to decrease from tomorrow onwards. Rainfall at this time is crucial for guar sowing and emergence. However, the long-term outlook for guar still remains bullish owing to low carry over stock and good export demand. Consequently, buyers remain active at the lower price tags.

#### FUTURES MARKETS:

Guar futures at the NCDEX decline on speculative selling on cloudy weather and rainfall over the region. The futures opened lower than previous settle and remain downwards for most of the time. Heavy selling pressurized the market down on good crop weather condition. Guar Seed August contract traded in the range of 1926-1978, while the most-active September contract varied in between 1977-2034. Guar Gum August contact traded in the range of 4945-5050, while the most-active September contract fluctuated in the range of 5000-5165 during Wednesday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Rain/thundershowers are likely at many places over Rajasthan
2. Reports of rainfall over guar producing areas

##### Bullish:

3. Lower carry forward stock
4. Long range weather forecast suggests below normal monsoon this year

#### WEATHER IMPACT:

Rain/thundershowers are likely at many places over Rajasthan. Rainfall at present would help in the sowing of guar.

#### TECHNICALS:

Candlestick pattern indicates bearish sentiments. %K-line along with %D-line moving downwards in normal region, indicating bearish sentiments likely to continue. MACD is also hinting bearish sentiments. Prices closed below 9-day and 18-day EMA, indicating bearish sentiments. Overall technical picture indicating bearish picture until trend reversal.

#### OUTLOOK:

Guar seed is expected to trade sideways with bearish note on the back of rains. Risk lovers can buy guar gum as the prices at its lowest level and % R gives indication for possible reversal of short term trend.

#### NCDEX September Contract Guar Seed



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1900	1915	1977	1978	1991
Guar Gum Sept	4906	4944	5025	5103	5145

#### INTRADAY TRADE RECOMMENDATION:

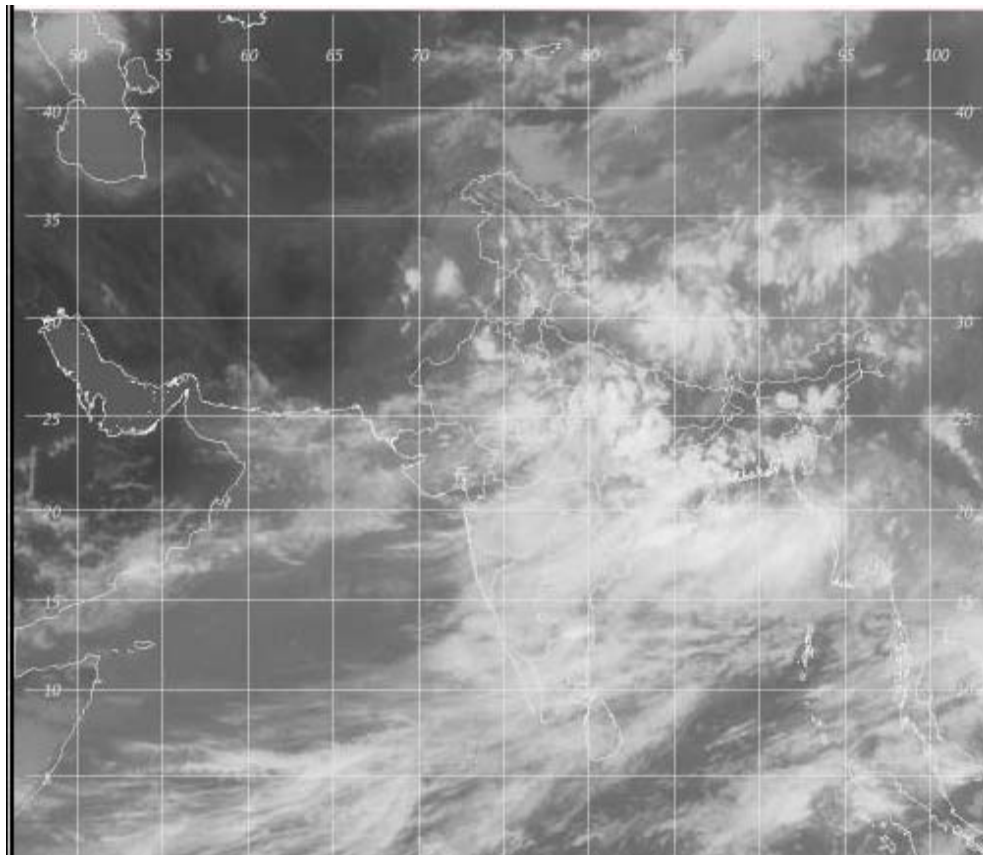
**Sell NCDEX- September Guar Seed** below 1962 with target of 1931 Stop loss at 1980.

**Buy NCDEX- September Guar Gum** near 4989 with target of 5082 Stop loss at 4940.

#### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	27.07.06	26.07.06	Change
Guar Seed	Bikaner	1870	1915	-45
	Jodhpur	2025	2040	-15
	Nokha	1800	1880	-80
	Sriganganagar	1900	1925	-25
Guar Gum	Jodhpur	5205	5250	-45

## SATELLITE PICTURE OF MONSOON PROGRESS (27.07.06)



### ALL INDIA WEATHER FORECAST:

- As predicted, a low pressure area has formed over northwest Bay of Bengal off north Orissa- West Bengal coast. This system is likely to concentrate into a depression, under its influence widespread rainfall activity with heavy to very heavy falls is likely at a few places over Gangetic West Bengal, Orissa, Chhattisgarh, north Coastal Andhra Pradesh, Telangana during next 2-3 days. With the likely west-northwestwards movement of the system, rainfall activity is likely to increase subsequently over Madhya Pradesh and Maharashtra including Konkan & Goa and Gujarat.
- Ongoing fairly widespread rainfall activity with isolated heavy falls over western Himalayan region and plains of northwest India is likely to continue during next 24 hours and decrease gradually thereafter.

### Heavy Rainfall Warning

- Heavy to very heavy rainfall at a few places over Orissa.
- Isolated heavy falls also likely over East Rajasthan, East Madhya Pradesh, Chhattisgarh, Vidarbha, Andhra Pradesh, Telangana and Gangetic West Bengal.

### Outlook for subsequent two days from 0830 hours IST of 29<sup>th</sup> July 2006 (Based on numerical weather products):

- Widespread rainfall with heavy to very heavy fall likely over central parts of the country and Maharashtra including Goa and Gujarat.

Source: IMD

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