

GUAR DAILY

August 01, 2006

GUAR

SPOT MARKETS:

At the physical markets guar retraced back again on talks of inadequate rainfall over guar producing areas. Though some rainfall was reported, yet the market participants have seen it as not good enough. Consequently, guar prices edged up across different markets of Rajasthan. Moreover, the spillover strength from futures market has also supported the physical market sentiments. According to a latest IMD report; heavy to very heavy rainfall is likely at a few places over South East Rajasthan during next 1-2 days and decrease thereafter. 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. However, rainfall at this time would put a bearish impact on guar prices and vice-versa.

FUTURES MARKETS:

Guar futures at the NCDEX traded with a firm sentiment following a higher opening. Increased buying interest at the lower levels supported the futures throughout the day and the futures settled with gains in final action. Guar Seed August contract traded in the range of 1949-1984, while the most-active September contract fluctuated in the range of 1988-2023. Guar Gum August contract traded in the range of 4980-5080, while the most-active September contract fluctuated in the range of 5060-5158.

PRICE DRIVERS:

Bearish:

1. Heavy to very heavy rainfall likely at a few places over South East Rajasthan

Bullish:

2. Talks of inadequate rainfall over guar producing areas
3. Anticipation of lower carry forward stock

WEATHER IMPACT:

Heavy to very heavy rainfall is likely at a few places over South East Rajasthan. Rainfall at present would help in the sowing of guar or vice-versa.

TECHNICALS:

Candlestick pattern is bullish. %K-line has entered the oversold region and moving downwards, hinting further downtrend. MACD is showing short-term weakness. Prices closed just below 9-day and 18-day EMA, indicating bearish sentiments. Overall technical picture is pointing towards continuation of the rally further.

OUTLOOK:

Guar seed is expected to trade upwards following a steady to firm opening with possibility of downward movement later. Weather conditions need to be closely watched before taking any trading decision.

NCDEX Guar Seed September Contract



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1948	1978	2014	2051	2085
Guar Gum Sept	4956	5027	5130	5218	5280

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- September Guar Seed at 2010-2020 with **target** of 2040 then 2050 **Stop loss** at 1990.

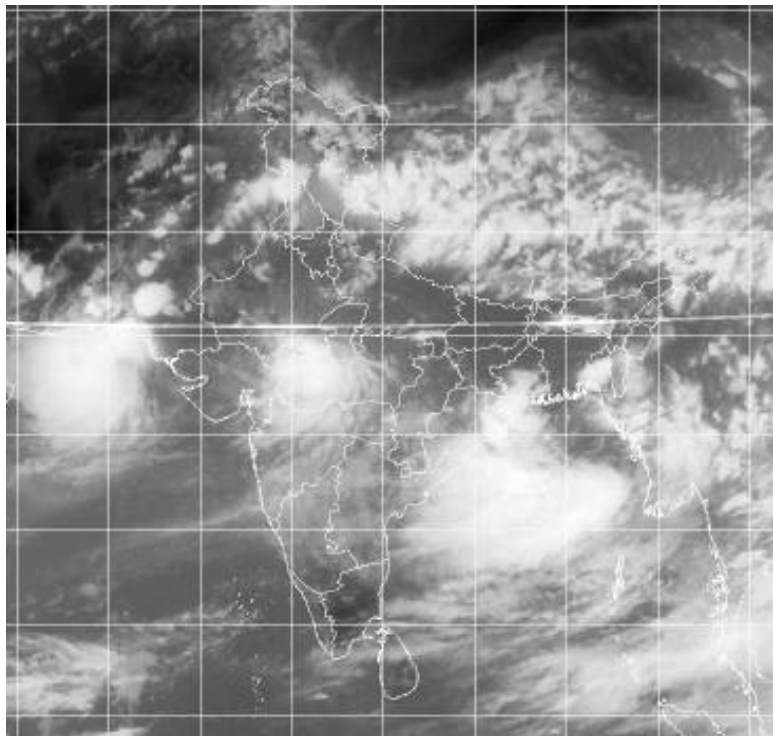
Buy NCDEX- September Guar Gum at 5130-5140 with **target** of 5180 then 5200 **Stop loss** at 5095.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	31.07.06	29.07.06	Change
Guar Seed	Bikaner	1915	1890	+25
	Jodhpur	2020	1990-2000	+30
	Nokha	1870	1830	+40
	Sriganganagar	1910	1900	+10
Guar Gum	Jodhpur	5226	5122	+104

SATELLITE PICTURE OF MONSOON PROGRESS (31.07.06)



ALL INDIA WEATHER FORECAST:

- Yesterday's low pressure area over north Chhattisgarh & neighbourhood has moved west-northwestwards and now lies over northwest Madhya Pradesh and neighbourhood. Under its influence, widespread rainfall with scattered heavy to very heavy falls is likely over West Madhya Pradesh, Gujarat region and southeast Rajasthan during next 1-2 days and decrease thereafter. Fairly widespread rainfall with isolated heavy falls is also likely over north Madhya Maharashtra, Saurashtra & Kutch, Konkan & Goa including Mumbai during the same period.
- The low pressure area over southeast Rajasthan and adjoining West Madhya Pradesh and Gujarat has moved westwards.
- The axis of monsoon trough at sea level passes through Barmer, Sawai Madhopur, center of low pressure area, Satna, Daltonganj, Balasore and thence southeastwards to east central Bay of Bengal.
- An upper air cyclonic circulation extending upto mid-tropospheric level lies over north Bay of Bengal off north Orissa-West Bengal coast. Under its influence a low pressure area is likely to form by tomorrow, resulting in enhanced rainfall activity over east India during next 2-3 days and subsequently over central India.

Heavy rainfall warning:

- Heavy to very heavy rainfall likely at a few places over Gujarat Region, West Madhya Pradesh, and southeast Rajasthan. Isolated heavy falls also likely over northeast Rajasthan, Saurashtra & Kutch, north Madhya Maharashtra and Konkan & Goa (including Mumbai).

Outlook for subsequent two days from 0830 hours IST of 3rd August 2006 (Based on numerical weather products):

- The rainfall activity is likely to increase over central India and adjoining areas.

Source: IMD

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