

## GUAR DAILY

July 20, 2006

### GUAR

#### SPOT MARKETS:

At the physical markets guar was traded much higher during the morning session of trade amidst concerns of lack of rainfall over the major guar producing area of Rajasthan. The buoyant futures market has also supported the physical market sentiments. However, during the evening session of trade guar prices were quoted a bit lower than the morning highs on talks of rains in part of Rajasthan. The IMD has forecasted that the rainfall in Rajasthan is likely to increase during next 2-3 days. Market sentiment is now totally governed by the climatic factors, as traders are closely eyeing the minute details of SW monsoon. Rainfall in Rajasthan in general and West Rajasthan in particular, would put a bearish impact on guar prices and vice-versa.

#### FUTURES MARKETS:

Guar futures at the NCDEX opened higher than previous settle and traded sharply upwards thereafter. Increased speculative buying amidst concerns of inadequate rainfall has supported the futures and the futures hit upper circuit at the early hours of trade. However, profit taking curb some of the gains in final action, but the futures managed to settle higher. Guar Seed July contract traded in the range of 1988-2058, while the August contract fluctuated in the range of 2010-2092. Guar Gum July contract traded in the range of 4990-5245, while the August contract fluctuated in the range of 5130-5313 during Wednesday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Rainfall activity may increase over East Rajasthan and northwest India during next 2-3 days

##### Bullish:

2. Talks of inadequate rainfall for sowing of guar
3. Lower carry forward stocks
4. Long range weather forecast suggests below normal monsoon this year

#### WEATHER IMPACT:

Rainfall activity may increase over East Rajasthan and northwest India during next 2-3 days. Inadequate rainfall at this time would delay the sowing of guar.

#### TECHNICALS:

Candlestick pattern hinting trend reversal in the market. %K-line is about to cut %D-line from above, hinting possible downtrend. MACD showing short-term strength. Overall technical picture is pointing towards possibility of downward technical correction.

#### OUTLOOK:

Guar seed as well as guar gum is expected to trade slightly upwards initially following a steady to weak opening and downward thereafter. Weather conditions need to be closely watched. Rainfall in Rajasthan in general and West Rajasthan in particular, would put a bearish impact on guar prices and vice-versa.

#### NCDEX August Contract



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Aug	1900	1952	2037	2084	2142
Guar Gum Aug	4918	5012	5223	5298	5400

#### INTRADAY TRADE RECOMMENDATION:

**Sell NCDEX- August Guar Seed** at 2040 with **target** of 2010, and then 2000 **Stop loss** at 2060.

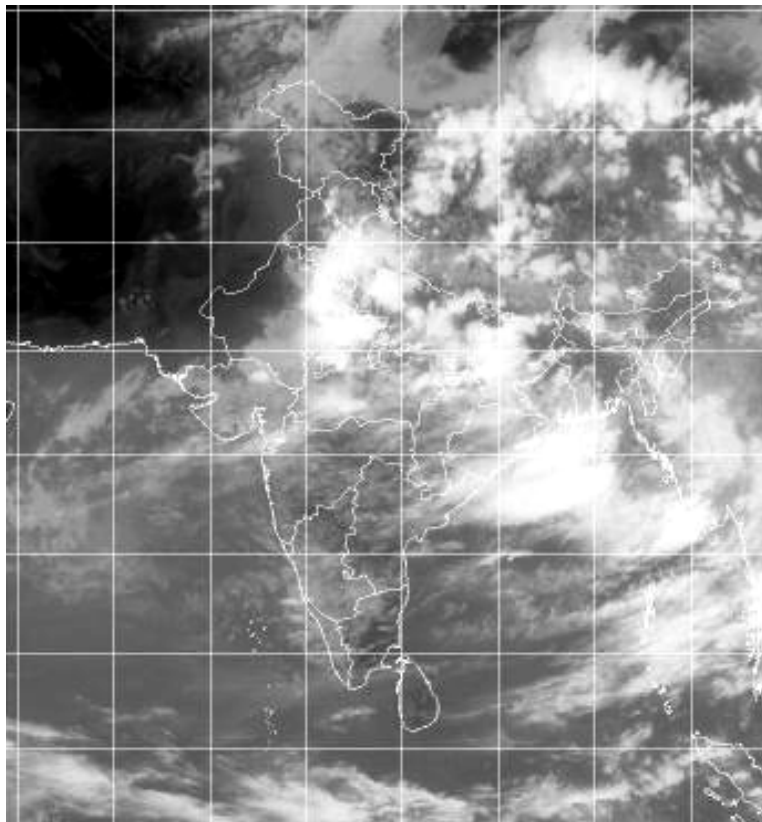
**Sell NCDEX- August Guar Gum** at 5250 with **target** of 5175 then 5150 **Stop loss** at 5300.

**Do not carry forward the position until the next day.**

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

Commodity	Centres	19.07.06	18.07.06	Change
Guar Seed	Bikaner	1940	1920	+20
	Jodhpur	2075	2025	+50
	Nokha	1913	1892	+21
	Sriganganagar	1940	1900	+40
Guar Gum	Jodhpur	5304	5200	+104

## SATELLITE PICTURE OF MONSOON PROGRESS (19.07.06)



### ALL INDIA WEATHER FORECAST:

- Yesterday's low pressure area over southeast Uttar Pradesh and neighbourhood has merged with seasonal trough. The seasonal trough passes through Anupgarh, Pilani, Agra, Kanpur, Varanasi, Gaya, Kolkata and thence southeastwards. Under their influence, fairly widespread rains with isolated heavy falls have occurred over Madhya Pradesh.
- A fresh upper air cyclonic circulation over Jharkhand and adjoining West Bengal has enhanced the rainfall activity over West Bengal & Sikkim and Orissa with isolated heavy falls.
- The current scenario suggests that fairly widespread rains with isolated heavy falls is likely over east, central and northwest India during next 2-3 days. The ongoing rainfall activity over Konkan & Goa, Gujarat and Rajasthan is also likely to increase during next 2-3 days.

### Heavy Rainfall Warning

- **Isolated** heavy to very heavy falls also likely over northeastern states, West Bengal, Jharkhand, Orissa, Madhya Pradesh, Uttar Pradesh, Himachal Pradesh, Uttaranchal, Haryana and Delhi.

### Outlook for subsequent two days from 22<sup>nd</sup> July 2006 (Based on numerical weather products):

- Fairly widespread rainfall activity over northwest & adjoining central India is likely to continue. Ongoing rainfall activity over east India is likely to decrease.
- Subdued rainfall activity likely over south peninsula.

Source: IMD

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