

## GUAR DAILY

July 31, 2006

### GUAR

#### SPOT MARKETS:

At the physical markets guar witnessed bearish sentiment on report of rainfall over parts of guar producing areas on Friday night. Consequently, prices were quoted lower by Rs 5-25 per quintal across different markets. According to a latest IMD report, rain/thundershowers are likely at many places over East Rajasthan with possibility of isolated heavy falls. Rainfall at this time is crucial for guar sowing and emergence. 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 witnessed a bearish trade following a weak opening. Reports of rainfall over parts of guar producing areas have kept the market under pressure. The futures settled lower after curbing some of the losses in final action. Guar Seed August contract traded in the range of 1930-1955, while the most-active September contract varied in between 1964-2011. Guar Gum August contact traded in the range of 4910-4959, while the most-active September contract fluctuated in the range of 4972-5062 during Saturday's trade.

#### PRICE DRIVERS:

##### Bearish:

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

##### Bullish:

3. Anticipation of 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 East Rajasthan. Rainfall at present would help in the sowing of guar or vice-versa.

#### TECHNICALS:

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

#### OUTLOOK:

Guar seed is expected to trade moderately upwards initially following a steady to weak opening and downwards thereafter. 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	1906	1941	1979	2027	2061
Guar Gum Sept	4895	4957	5020	5131	5189

#### INTRADAY TRADE RECOMMENDATION:

**Sell NCDEX- September Guar Seed** at 1990-2000 with **target** of 1970 then 1960 **Stop loss** at 2020.

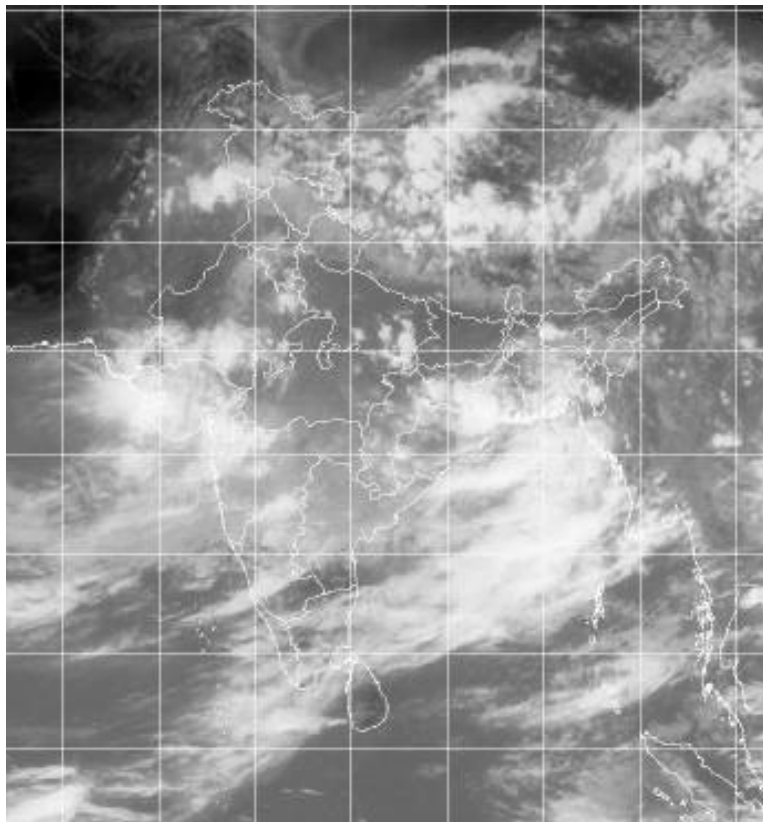
**Sell NCDEX- September Guar Gum** at 5050-5060 with **target** of 5000 then 4980 **Stop loss** at 5100.

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

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

Commodity	Centres	29.07.06	28.07.06	Change
Guar Seed	Bikaner	1890	1900	-10
	Jodhpur	1990-2000	2015	-25
	Nokha	1830	1846	-16
	Sriganganagar	1900	1905	-5
Guar Gum	Jodhpur	5122	5200	-78

## SATELLITE PICTURE OF MONSOON PROGRESS (29.07.06)



### ALL INDIA WEATHER FORECAST:

- Yesterday's well marked low pressure area over northwest Bay of Bengal off north Orissa- West Bengal coast and now lies over northwest Bay of Bengal and adjoining coastal areas of Orissa & West Bengal. This system is likely to move in a west-northwesterly direction and cause enhance rainfall activity with isolated heavy to very heavy falls over Gangetic West Bengal, Orissa, Chhattisgarh and Jharkhand during next 1-2 days. Subsequently the rainfall activity is also likely to increase over Madhya Pradesh, Vidarbha, Telangana and Marathawada.
- Ongoing widespread rainfall activity over Konkan & Goa (including Mumbai), Madhya Maharashtra and Gujarat is likely to continue and may enhance further with very heavy falls (13-25 cm) at a few places during next 3-4 days
- Rain/thundershowers are likely at most places over Gujarat Region, Madhya Maharashtra and Konkan & Goa; at many places over East Rajasthan and Saurashtra & Kutch and at a few places over the rest region.

### Heavy rainfall warning:

- Heavy to very heavy rainfall likely at a few places over Gangetic West Bengal, Orissa, Konkan & Goa (including Mumbai), Madhya Maharashtra and Gujarat Region.
- Isolated heavy falls also likely over East Rajasthan, Madhya Pradesh, Chhattisgarh, Jharkhand, Telangana and Vidarbha

### Outlook for subsequent two days from 0830 hours IST of 1<sup>st</sup> August 2006 (Based on numerical weather products):

- Enhanced rainfall activity over Konkan & Goa, Madhya Maharashtra and Gujarat is likely to continue.

Source: **IMD**

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