

## GUAR DAILY

July 29, 2006

### GUAR

#### SPOT MARKETS:

At the physical markets guar remains mixed on weather uncertainties. Increased demand at the lower price tag has capped further fall of price as against Thursday and prices were quoted mostly range bound on Friday. According to a latest IMD report, rain/thundershowers are likely at many places over East Rajasthan and likely to increase during next 2-3 days. 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. Rainfall at this time would put a bearish impact on guar prices and vice-versa.

#### FUTURES MARKETS:

Guar futures at the NCDEX witnessed a range bound trade following a higher opening. Increased buying interest at the lower levels has supported the futures to retrace back from Thursday's lows. Uncertainties over weather conditions have kept the market mostly within previous day's ranges. Guar Seed August contract traded in the range of 1949-1975, while the most-active September contract varied in between 1983-2017. Guar Gum August contract traded in the range of 4975-5065, while the most-active September contract fluctuated in the range of 5035-5125 during Friday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Rain/thundershowers are likely at many places over East Rajasthan

##### Bullish:

2. Anticipation of lower carry forward stock
3. 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 moderately bullish sentiments. Movement of stochastic has flattened near oversold region, hinting likely trend reversal in near future. MACD is showing short-term weakness. Prices closed below 9-day and 18-day EMA, indicating bearish sentiments. Overall technical picture indicating mixed sentiment until any trend reversal.

#### OUTLOOK:

Guar seed is expected to trade moderately upwards following a firm opening with possibility of late downtrend. Weather conditions need to be closely watched before taking any trading decision.

#### NCDEX September Contract Guar Seed



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1937	1965	2005	2041	2065
Guar Gum Sept	4929	5000	5095	5196	5272

#### INTRADAY TRADE RECOMMENDATION:

**Buy NCDEX- September Guar Seed** at 2005-2010 with **target** of 2030 then 2050 **Stop loss** at 1980.

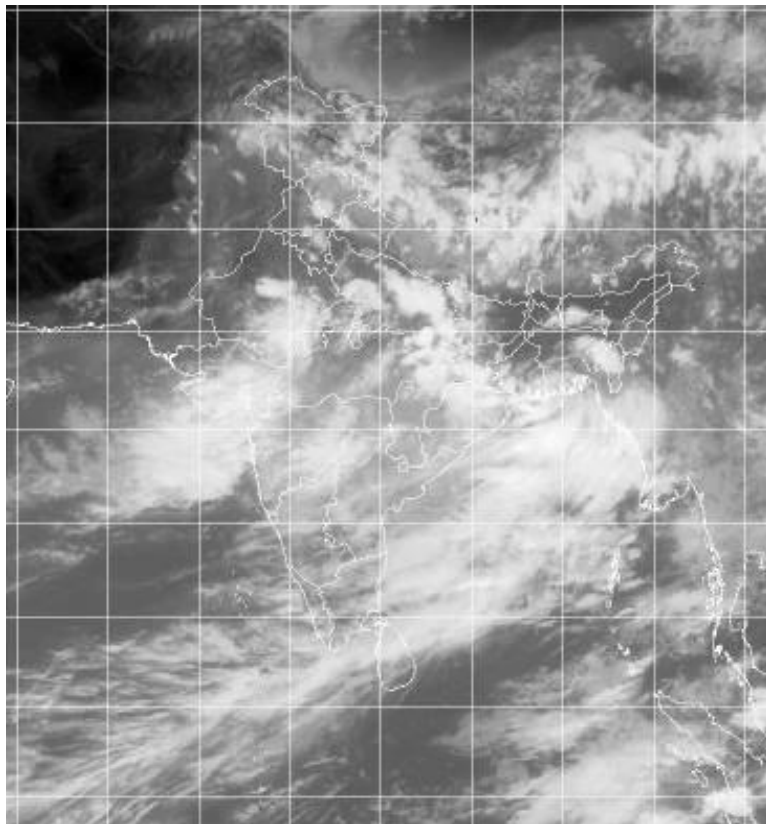
**Buy NCDEX- September Guar Gum** at 5095-5100 with **target** of 5150 then 5175 **Stop loss** at 5055.

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

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

Commodity	Centres	28.07.06	27.07.06	Change
Guar Seed	Bikaner	1900	1870	+30
	Jodhpur	2015	2025	-10
	Nokha	1846	1872	-26
	Sriganganagar	1905	1900	+5
Guar Gum	Jodhpur	5200	5205	-5

## SATELLITE PICTURE OF MONSOON PROGRESS (28.07.06)



### ALL INDIA WEATHER FORECAST:

- Yesterday's low pressure area over northwest Bay of Bengal off north Orissa- West Bengal coast persists and is now well marked. This system is likely to concentrate into a depression and move in a west-northwesterly direction and increase the ongoing rainfall activity over Gangetic West Bengal, Orissa, Chhattisgarh, north Coastal Andhra Pradesh, Telangana during next 2-3 days. Subsequently the enhanced rainfall belt is likely to shift over Madhya Pradesh and Maharashtra.
- Rainfall activity is also likely to increase over Gujarat State, East Rajasthan, Konkan & Goa (including Mumbai) with isolated heavy to very heavy falls during next 2-3 days
- Rain/thundershowers are likely at most places over Konkan & Goa; at many places over Gujarat Region, Madhya Maharashtra and East Rajasthan and at a few places over the rest region.

#### Heavy rainfall warning:

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

#### Outlook for subsequent two days from 0830 hours IST of 31<sup>st</sup> July 2006 (Based on numerical weather products):

- Rainfall activity is likely to increase over central India, Maharashtra and Gujarat and decrease over East India.

Source: **IMD**

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