

## GUAR DAILY

July 18, 2006

### GUAR

#### SPOT MARKETS:

At the physical markets guar witnessed a bearish sentiment during Monday's trade. Bears dominate the trade after report of some rainfall in parts of guar producing area, which has raised the prospect of sowing of guar crop. The same trend was also visualised at the futures market, where the guar futures settled much lower than the last weekend settlement. The market sentiment is now totally governed by the climatic factors, as traders are closely eyeing the minute details of SW monsoon. Guar is highly water sensitive crop and requires 8-15 inches of rainfall in 3-4 spells during the entire crop cycle. Normally, it requires 1-2 spell of rain before sowing of the crop that usually starts during this time.

#### FUTURES MARKETS:

Guar futures at the NCDEX opened lower than previous settle and traded with a bearish sentiment. Increased speculative selling interest amidst report of some rainfall in producing areas underpinned the bearish sentiment in the futures market. Guar Seed July contract traded in the range of 1960-1993, while the August contract fluctuated in the range of 1986-2042. Guar Gum July contract traded in the range of 5001-5085, while the August contract fluctuated in the range of 5065-5192 during Monday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Rainfall activity may increase over East Rajasthan and northwest India after 20<sup>th</sup> July
2. Some rainfall in producing area, raising hope for sowing of guar crop

##### Bullish:

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 after 20<sup>th</sup> July. Rainfall at this time would help in the sowing of guar crops.

#### TECHNICALS:

Candlestick pattern is bearish, indicating weak opening. Stochastic moving upwards in the normal region, hinting further uptrend. However, RSI indicates bearish trend. Overall technical picture is pointing towards a mixed trade with weak bias.

#### OUTLOOK:

Guar seed as well as guar gum is expected to trade downwards following a weak opening with possibility of upward movement later in the session.

#### NCDEX August Contract

Guar seeds 0608(NCGUAG6)2006/07/17 - Daily B:1999.00 A:2000.00  
O 2028.00 H 2042.00 L 1988.00 C 2000.00 V 199,910 I 95,680 -31

EMA(9) 1977.7 (18) 1967.7



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Aug	1922	1952	2000	2058	2088
Guar Gum Aug	4942	5000	5095	5224	5300

#### INTRADAY TRADE RECOMMENDATION:

**Sell NCDEX- August Guar Seed** near 2000 with **target** of 1980, and then 1970 **Stop loss** at 2015.

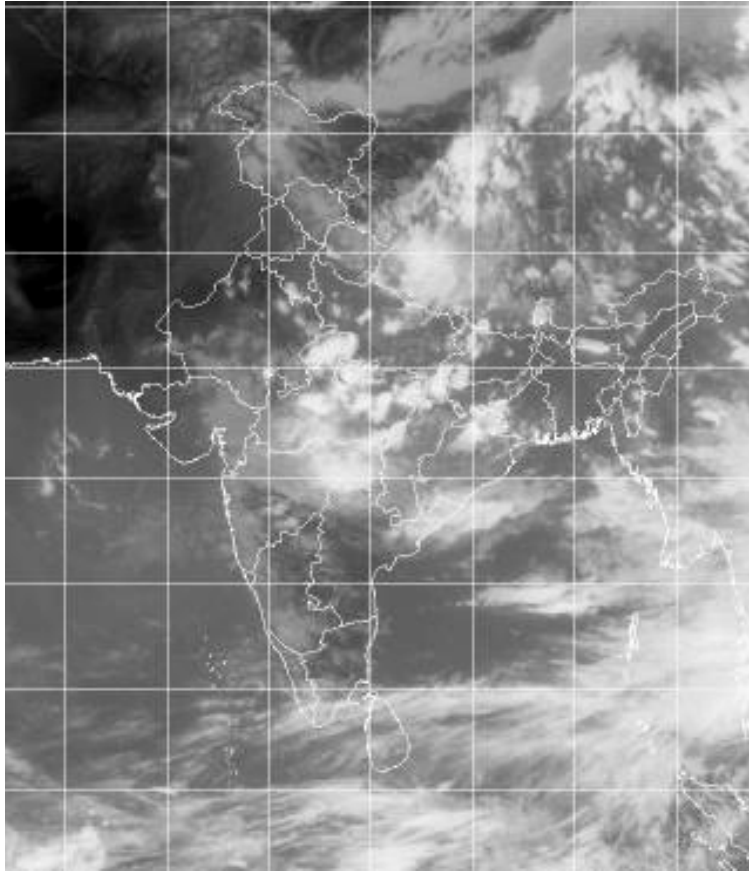
**Sell NCDEX- August Guar Gum** near 5100 with **target** of 5050 then 5040 **Stop loss** at 5130.

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

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

Commodity	Centres	17.07.06	15.07.06	Change
Guar Seed	Bikaner	1910	1940	-30
	Jodhpur	2010	2050	-40
	Nokha	1870	1920	-50
	Sriganganagar	1875	1905	-30
Guar Gum	Jodhpur	5175	5250	-75

## SATELLITE PICTURE OF MONSOON PROGRESS (17.07.06)



### ALL INDIA WEATHER FORECAST:

- Under the influence of the well marked low pressure are over Jharkhand and adjoining north Orissa, fairly widespread rains have occurred over Jharkhand, Orissa, Chhattisgarh and East Madhya Pradesh. As the system is likely to move in a west northwesterly direction, fairly widespread rains with heavy to very heavy falls likely over Orissa, Jharkhand, Vidarbha, Chhattisgarh and East Madhya Pradesh. The rainfall activity over Jharkhand and Orissa is likely to decrease after 24 hours. It may however increase over West Madhya Pradesh, Uttar Pradesh, Madhya Maharashtra and Gujarat.
- Ongoing fairly widespread rainfall activity along the west coast is likely to increase during next 2-3 days specially over Konkan & Goa including Mumbai.
- Heavy to very heavy rainfall is likely **at a few places** over Chhattisgarh, East Madhya Pradesh and Vidarbha.
- **Isolated** heavy to very heavy rainfall also likely over Konkan & Goa, West Madhya Pradesh and Andaman & Nicobar Islands

### Outlook for subsequent two days from 20<sup>th</sup> July 2006 (Based on numerical weather products):

- Fairly widespread rainfall likely to continue along the west coast and over central India.
- Rainfall activity may increase over East Rajasthan and northwest India.

Source: IMD

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