

GUAR DAILY

August 18th, 2006

GUAR

SPOT MARKETS:

Guar prices plunged in the different spot market on the recent rains in southeast parts of Rajasthan. Some rainfall over Jaipur, Jaisalmer, Nokha dragged the guar prices. The anticipation of good crop due to conducive rainfall has been playing a vital role in the minds of traders. Moreover, the speculative selling pressure in the futures market also led the traders to keep themselves at sidelines. However, scarcity of rainfall is reported from some parts of Rajasthan and Haryana. This may affect the crop. The millers were the main buyers in the spot market. The heavy rainfall may pushed down the prices in next couples of days. However, traders were optimistic about rising the guar prices in coming future on higher demand amidst lower carry forward stocks.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a bearish sentiment following a firm opening. Increased selling interest pressurized the futures and traded downwards. Finally the futures settled red with losses. Guar Seed August contract traded in the range of 1805-1885, while the most-active September contract fluctuated in the range of 1815-1902. Guar Gum August contact traded in the range of 4601-4820, while the most-active September contract fluctuated in the range of 4670-4875.

PRICE DRIVERS:

Bearish:

1. Rainfalls at southeast Rajasthan conducive for crop growth.
2. Anticipation of higher production

Bullish:

3. Anticipation of lower carry forward stocks
4. Good domestic as well as export demand

WEATHER IMPACT:

The prevailing weather in Southeast Rajasthan is favourable for crop. However, some part of Rajasthan and Haryana experienced scarcity of rainfall. However, rainfall in during growth stage is crucial for crop output

GUAR PRICES AT MAJOR MARKETS IN RAJAST

Commodity	Centres	17.08.06	16.08.06	Change
Guar Seed	Bikaner	1845	1860-1880	-35
	Jodhpur	1890	1925-1950	-35
	Nokha	1800	1830	-30
	Sriganganagar	1820	1850	-30
Guar Gum	Jodhpur	4940	5070	-130

TECHNICALS:

Candlestick formation is showing bearish pattern. Stochastic are in oversold region. The % K line likely to cross % D line from the below, hinting some up trend. MACD is showing short-term weakness in the market. Prices closed much below 9-day and 18-day EMA, indicating bearish trend. Overall technical picture is pointing towards a sideways trade.

OUTLOOK:

Guar seed is expected to trade downwards initially following a weak opening and some upwards 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	1780	1800	1835	1883	1897
Guar Gum Sept	4603	4630	4715	4793	4823

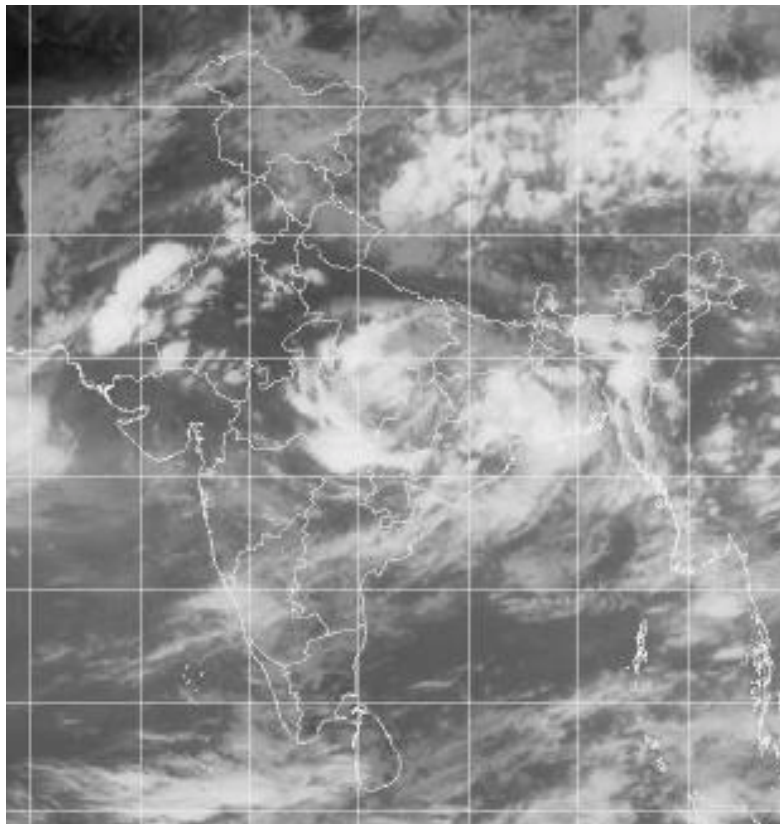
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- September Guar Seed at 1815-1825 with target of 1850 then 1865 **Stop loss** at 1805.

BUY NCDEX- September Guar Gum at 4680-4700 with target of 4740 then 4765 **Stop loss** at 4665.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (16.08.06)



Monsoon Outlook (17.08.06)

- ✍ The depression over northwest Bay of Bengal crossed north Orissa coast near Chandbali around 2000 hours IST of yesterday night. It then moved northwestwards and now lies over Chhattisgarh at 0830 hours IST of today with its center near lat. 22.00 N and long. 83.50 E, about 100 km east of Champa. The system is likely to move in a northwesterly direction and weaken gradually. Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over Jharkhand and Chhattisgarh during next 24 hours. Widespread rainfall with isolated heavy to very heavy falls also likely over Orissa, Gangetic West Bengal, Vidarbha and East Madhya Pradesh during the same period.
- ✍ Yesterday's low pressure area over southwest Madhya Pradesh and adjoining southeast Rajasthan now lies over Saurashtra & Kutch and neighbourhood. The system is likely to move west-northwestwards. It is expected that intensity of the rainfall over Gujarat State, Konkan & Goa and north Madhya Maharashtra is likely to decrease during next 1-2 days, however, fairly widespread rainfall may continue over these areas.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls at a few places are likely over Jharkhand and Chhattisgarh during next 24 hours. Isolated heavy to very heavy falls also likely over Orissa, Gangetic West Bengal, Vidarbha and East Madhya Pradesh during the same period.

Outlook for subsequent two days from 0830 hours IST of 15th August 2006 (Based on numerical weather products):

- ✍ Increase in rainfall activity over northeastern states and Gangetic Plains.
- ✍ General decrease in rainfall activity over East & adjoining Central India.

Source: **IMD**

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