

GUAR DAILY

August 08, 2006

GUAR

SPOT MARKETS:

Some steady to bearish sentiments had prevailed in majority of guar markets on the anticipation of rainfall amidst steady demand. Some rainfall was reported from part of Rajasthan. Moreover, the bearish tone in the futures market was also restricted the buyers activities in physical market. In the Churu, Nagar and Sikar district of Rajasthan some infestation of crops by the insect pest locally named telia was reported. The rainfall within a couple of days is very important for the guar crops and its rest of sowing in the major guar producing belts. The heavy rainfall may slid down the market. However, traders were optimistic of rising guar prices in near future on the anticipation of inadequate rainfall. Everybody related to guar closely monitoring the rainfall activity for further decision.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a bearish sentiment following a weak opening. Increased selling pressure at the higher level had pressurized the futures and traded downwards. Finally the futures settled at negative territory with some losses. Guar Seed August contract traded in the range of 1952-1965, while the most-active September contract fluctuated in the range of 1983-2000. Guar Gum August contact traded in the range of 5005-5039, while the most-active September contract fluctuated in the range of 5080-5110. At the spot markets guar gum was quoted almost steady as to previous day.

PRICE DRIVERS:

Bearish:

1. Rainfall some parts of Rajasthan
2. Thin trading activity in futures market

Bullish:

3. Talks of Lower carry forward stocks
4. Good domestic as well as export demand

WEATHER IMPACT:

The coming 4-5 day is very vital for the crop as absent or inadequate rainfall may hamper the sowing activity and this forced to lower production.

TECHNICALS:

Candlestick pattern is bearish. %K-line has entered the normal region and bullish, hinting some up trend. MACD is bearish showing short-term weakness. Prices closed below 9-day and 18-day EMA, indicating bearish sentiments. Overall technical picture is pointing towards bearish sentiments.

OUTLOOK:

Guar seed is expected to trade slightly upwards initially following a weak opening and some downward 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 | 1941 | 1961 | 1989 | 2021 | 2040 |
| Guar Gum Sept | 4996 | 5024 | 5096 | 5180 | 5202 |

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- September Guar Seed at 1995-2005 with target of 1970 then 1955 **Stop loss** at 2015.

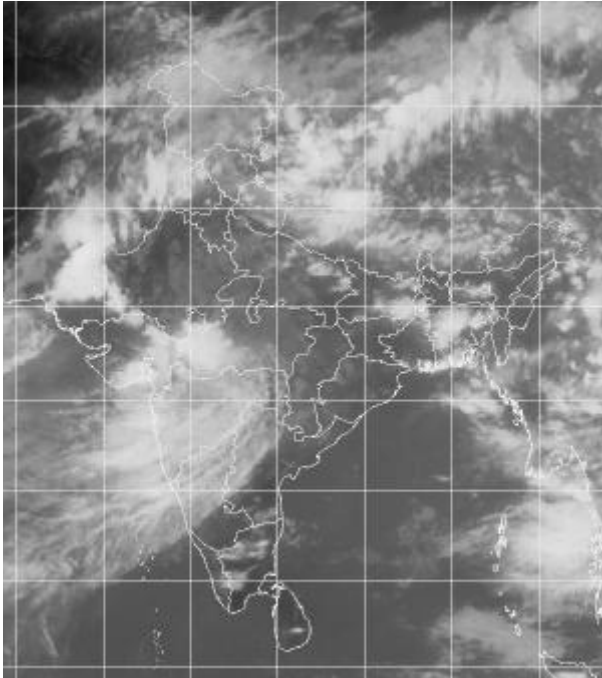
SELL NCDEX- September Guar Gum at 5110-5130 with target of 5070 then 5045 **Stop loss** at 5145.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

| Commodity | Centres | 07.08.06 | 05.08.06 | Change |
|-----------|---------------|-----------|----------|--------|
| Guar Seed | Bikaner | 1900 | 1900 | - |
| | Jodhpur | 2000 | 2010 | -10 |
| | Nokha | 1870 | 1890 | -20 |
| | Sriganganagar | 1900 | 1910 | -10 |
| Guar Gum | Jodhpur | 5200-5226 | 5226 | - |

SATELLITE PICTURE OF MONSOON PROGRESS (07.08.06)



Monsoon Outlook (07.08.06)

- ✍ Yesterday's well marked low pressure area over southwest Madhya Pradesh and neighbourhood now lies over West Madhya Pradesh and neighbourhood.
- ✍ An offshore trough of low pressure at sea level runs from south Gujarat coast to Karnataka coast.
- ✍ Under the influence of above systems widespread rainfall activity with scattered heavy to very heavy falls and isolated extremely heavy falls are likely over Gujarat Region and north Konkan during next 2 days.
- ✍ The axis of monsoon trough at sea level passes through Phalodi, centre of low pressure area, Satna, Varanasi, Bhagalpur, Sriniketan and thence southeastwards to northeast Bay of Bengal.

HEAVY RAINFALL WARNING

Heavy to very heavy falls at a few places with isolated extremely heavy falls (25cm or more) are likely over Gujarat Region and north Konkan. Heavy to very heavy falls are also likely at a few places over north Madhya Maharashtra, Marathawada and West Madhya Pradesh. Isolated heavy falls are likely over south Konkan & Goa, south Madhya Maharashtra, Vidarbha, East Madhya Pradesh, Saurashtra & Kutch, East Rajasthan, north Coastal Karnataka, Jammu & Kashmir, Punjab, Himachal Pradesh and northeastern States.

Outlook for subsequent two days from 1430 hours IST of 7th August 2006 (Based on numerical weather products):

- ✍ Fairly widespread rainfall with isolated heavy falls likely over Konkan & Goa, Madhya Maharashtra, Gujarat region and East Rajasthan.
- ✍ Increase in rainfall activity over Orissa and Gangetic West Bengal due to likely formation of a low pressure area over northwest Bay of Bengal around 11th.

Source: IMD

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