

GUAR DAILY

August 11, 2006

GUAR

SPOT MARKETS:

Guar surged up once again at the major physical markets amidst talks of disease infestation on the recently sown guar crop. The sharp rally in the futures market has also supported the physical market sentiments. Buyers remained active at the lower price tags following concerns of crop condition. The IMD in a latest weather forecast report has mentioned possibility of isolated heavy falls over Gujarat Region and east Rajasthan during next 1-2 days. Traders are a bit concerned of the heavy rainfall in Gujarat region and eyeing the details of the damage of the crop. Amidst such circumstances, guar is likely to extend the advances further at the physical as well as futures market.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a firm sentiment following a slightly lower opening. Increased speculative buying interest at the lower levels supported the futures throughout the day and the futures settled with gains in final action. Guar Seed August contract traded in the range of 1960-2028, while the most-active September contract fluctuated in the range of 1987-2064. Guar Gum August contact traded in the range of 5039-5179, while the most-active September contract fluctuated in the range of 5092-5260 during Thursday's trade.

PRICE DRIVERS:

Bearish:

1. Isolated heavy falls is likely over east Rajasthan during next 1-2 days

Bullish:

2. Talks of disease infestation on the recently sown crop
3. Anticipation of lower carry forward stocks
4. Good domestic as well as export demand

WEATHER IMPACT:

The coming few days is very vital for the crop as absent or inadequate rainfall may hamper the sowing activity and thus lead to lower production.

TECHNICALS:

Candlestick formation is showing bullish pattern. Stochastic are moving upwards in normal region, hinting further uptrend. MACD is showing short-term strength in the market. Prices closed well above 9-day and 18-day EMA, indicating bullish trend. Overall technical picture is pointing towards a bullish trade.

OUTLOOK:

Guar seed is expected to trade upwards following a firm opening with possibility of some late downtrend. 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	1985	2011	2040	2078	2100
Guar Gum Sept	5081	5134	5199	5277	5323

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- September Guar Seed at 2030-2040 with **target** of 2060 then 2075 **Stop loss** at 2015.

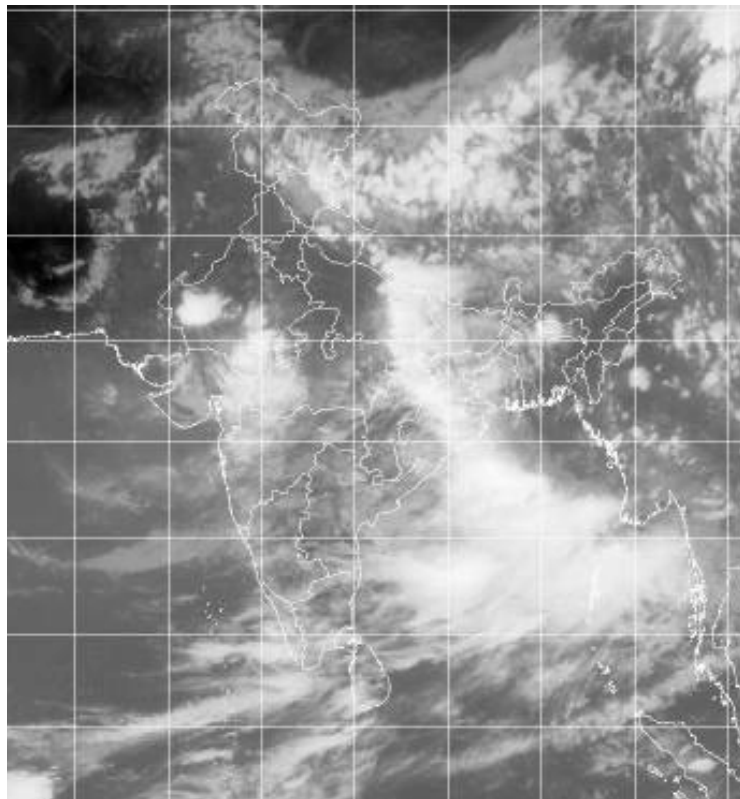
BUY NCDEX- September Guar Gum at 5185-5195 with **target** of 5240 then 5260 **Stop loss** at 5150.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	10.08.06	09.08.06	Change
Guar Seed	Bikaner	1935	1900	+35.00
	Jodhpur	2040	2000	+40.00
	Nokha	1902	1870	+32.00
	Sriganganagar	1915	1890	+25.00
Guar Gum	Jodhpur	5304	5200	+104.00

SATELLITE PICTURE OF MONSOON PROGRESS (10.08.06)



Monsoon Outlook (10.08.06)

- A low pressure area has formed over north Bay of Bengal off north Orissa-West Bengal coast. The system is likely to become more marked during next 1-2 days. Under its influence, rainfall activity is likely to increase over Orissa, Gangetic West Bengal and north Coastal Andhra Pradesh during next 2-3 days.
- Yesterday's low pressure area over northwest Madhya Pradesh and neighbourhood now lies over West Madhya Pradesh and neighbourhood. Fairly widespread rainfall with isolated heavy falls is likely over West Madhya Pradesh and East Rajasthan during next 1-2 days. Rainfall activity is likely to increase with possibility of isolated heavy falls over north Gujarat region from 12th afternoon.
- The offshore trough now runs from north Konkan coast to Kerala coast. It may cause fairly widespread rainfall with isolated heavy falls over Konkan & Goa, Coastal Karnataka and Kerala.
- The axis of monsoon trough at sea level passes through Phalodi, centre of low pressure area, Allahabad, Purnia, Sriniketan and thence to center of low pressure area over north Bay of Bengal.

Heavy Rainfall Warning:

- Heavy to very heavy rainfall likely at a few places over Gangetic West Bengal and Orissa.
- Isolated heavy falls are likely over Bihar, Jharkhand, north Gujarat Region, East Rajasthan, West Madhya Pradesh, Konkan & Goa (including Mumbai), coastal Karnataka and Kerala.

Outlook for subsequent two days from 0830 hours IST of 13th August 2006 (Based on numerical weather products):

- Increase in rainfall activity over Jharkhand, Chhattisgarh, Telangana, Konkan & Goa (Including Mumbai) and north Coastal Andhra Pradesh.

Source: IMD

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