

GUAR DAILY

August 28th, 2006

GUAR

SPOT MARKETS:

The guar sentiment remained steady in the different spot market. Thin trading in futures mainly underpinning the spot market tone. Some crop damage due to flood in Barmer and Jaisalmer were reported. According to some traders 10% loss of crops is already occurred. The scarcity of rainfall also reported from some parts of Rajasthan. The anticipation of lower production has been playing a major role in the minds of traders. Overall a sentiment for long term is bullish on higher demand amidst lower production. The millers demand is higher in lower price levels. Everybody related to guar closely monitoring the monsoon activity are optimistic about recovery of guar prices from present weakness in coming futures.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a sideways sentiment following a steady opening. However, increased buying interest at the lower level supported the futures. Guar Seed September contract traded in the range of 1807-1840, while October contract fluctuated in the range of 1818-1861. Guar Gum September contract traded in the range of 4650-4730, while the October contract fluctuated in the range of 4695-4785.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on expected guar production
2. Lackluster trade in futures market

Bullish:

3. Anticipation of lower carry forward stocks
4. Scarcity of rain fall in some parts of Rajasthan

WEATHER IMPACT:

The prevailing weather in Southeast Rajasthan is favourable for crop. However, higher water stagnation may damage the crops.

TECHNICALS:

Candlestick formation is showing bearish tone. Stochastic are in normal region. The % K line and % D line moving upwards to hinting somewhat 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 firm opening and some upward movement later. Weather conditions need to be closely watched before taking any trading decision.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1795	1810	1834	1880	1900
Guar Gum Sept	4621	4667	4718	4825	4871

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- October Guar Seed at 1820-1830 with **target** of 1855 then 1870 **Stop loss** at 1810.

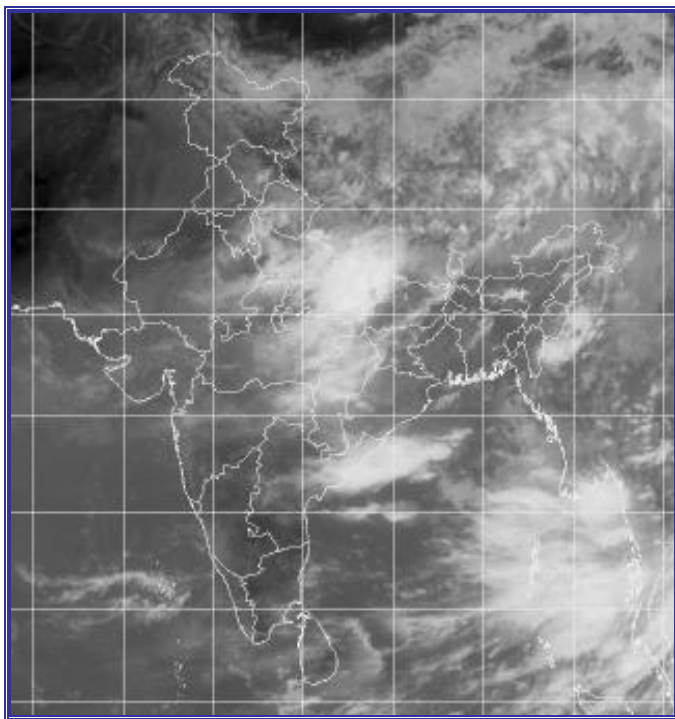
BUY NCDEX- October Guar Gum at 4680-4700 with **target** of 4740 then 4765 **Stop loss** at 4665.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	26.08.06	25.08.06	Change
	Bikaner	1760	1760	-
Guar Seed	Jodhpur	1850	1830-1850	-
	Nokha	1720	1720	-
	Sriganganagar	1720	1730	-10
Guar Gum	Jodhpur	4750	4750	-

SATELLITE PICTURE OF MONSOON PROGRESS (26.08.06)



Monsoon Outlook (26.08.06)

- ✍ Yesterday's low pressure area over Jharkhand and adjoining Gangetic West Bengal still persists. Under its influence, fairly widespread rainfall with isolated heavy falls are likely over Gangetic West Bengal, Orissa, Jharkhand, Chhattisgarh, East Madhya Pradesh, Bihar and East Uttar Pradesh during next 48 hours.
- ✍ Fairly widespread with isolated heavy falls also likely over Sub-Himalayan West Bengal & Sikkim and northeastern states during the same period.
- ✍ The western end of the monsoon trough continue to lie close to the foothills of Himalayas, however, the eastern end passes through Muzaffarnagar, centre of low, Sri Niketan and thence eastwards to Agartala.
- ✍ A fresh low pressure area is likely to form over northwest Bay of Bengal in a day or two which may subsequently increase rainfall activity over Orissa and Gangetic West Bengal.

Heavy Rainfall Warning:

- ✍ Isolated heavy falls are likely over Gangetic West Bengal, Orissa, Jharkhand, Chhattisgarh, East Madhya Pradesh, Bihar and East Uttar Pradesh during next 48 hours.
- ✍ Isolated heavy falls also likely over Sub-Himalayan West Bengal & Sikkim and northeastern states.

Outlook for subsequent two days (Based on numerical weather products):

- ✍ Moderate rainfall activity likely to continue over Indo-Gangetic plains.
- ✍ General decrease in rainfall over the remaining parts of the country.

Source: GOI (IMD)

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