

GUAR DAILY

August 25th, 2006

GUAR

SPOT MARKETS:

The guar sentiment has changed sharply and mainly following the tumbled down nature of futures market. Some rains and dark clouds over southwest parts of Rajasthan is still pressurising the guar sentiments in domestic markets. However, However some crop damage due to flood in Barmer and Jaisalmer were reported. According to some traders 10% loss of crops is already occurred. Some traders reported arrivals of new guar crops in coming month. The scarcity of rainfall also reported from some parts of Rajasthan. Overall sentiments 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 bullish sentiment initially following a firm opening. However, increased selling interest at the higher level pressurised the futures and slid down the futures to very lower level. Guar Seed September contract traded in the range of 1790-1871, while October contract fluctuated in the range of 1802-1898. Guar Gum September contract traded in the range of 4601-4810, while the October contract fluctuated in the range of 4645-4870.

PRICE DRIVERS:

Bearish:

1. Anticipation of rainfall over West Rajasthan and Gujarat
2. Sharply bearish tone 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. Engulfing bearish pattern occurred. Stochastic are in normal region. The % K line likely to cross % D line from the above and moving downwards to oversold region hinting somewhat down 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 bearish trade.

OUTLOOK:

Guar seed is expected to trade some downwards initially following a weak opening and possibility of some upwards 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	1758	1773	1819	1845	1859
Guar Gum Sept	4519	4560	4682	4758	4800

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- October Guar Seed at 1825-1835 with target of 1800 then 1785 **Stop loss** at 1845.

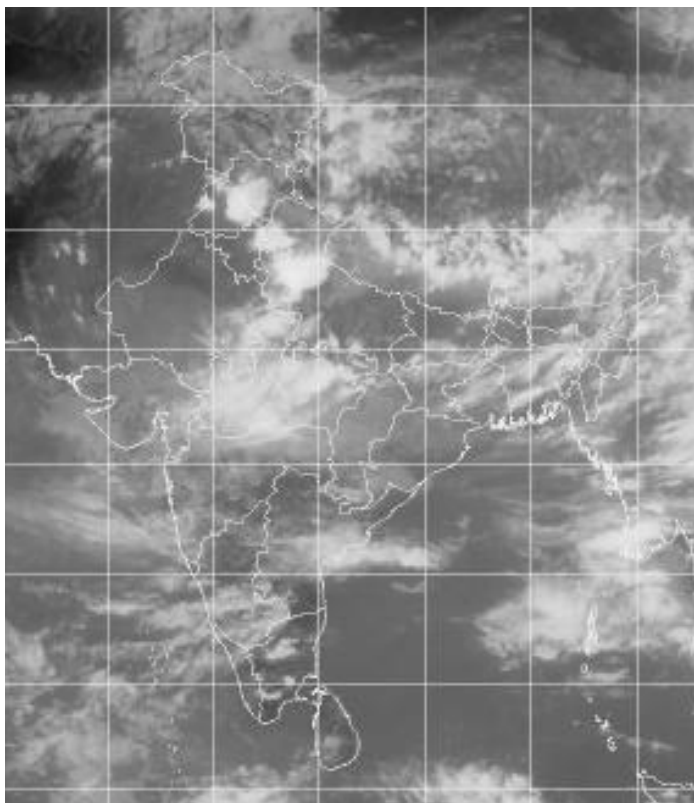
SELL NCDEX- October Guar Gum at 4700-4720 with target of 4660 then 4635 **Stop loss** at 4735.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	24.08.06	23.08.06	Change
Guar Seed	Bikaner	1725-1750	1810	-60
	Jodhpur	1790-1800	1850	-50
	Nokha	1690	1790	-100
	Sriganganagar	1710	1800	-90
Guar Gum	Jodhpur	4750	4836	-86

SATELLITE PICTURE OF MONSOON PROGRESS (24.08.06)



Monsoon Outlook (24.08.06)

- ✍ Yesterday's well marked low pressure area over Jharkhand and neighbourhood persists as a low pressure area. Under its influence, fairly widespread rainfall with isolated heavy to very heavy falls are likely over interior Orissa, Jharkhand, Chhattisgarh and Madhya Pradesh during next 48 hours. There is also possibility of increase in rainfall activity over Bihar and East Uttar Pradesh during next two days.
- ✍ Yesterday's low pressure area over southeast Pakistan & adjoining southwest Rajasthan has become less marked.
- ✍ The axis of the monsoon trough at sea level passes through Ferozepur, Aligarh, Lucknow, center of low pressure area and thence southeastwards.

Heavy Rainfall Warning:

- ✍ Isolated heavy to very heavy rainfall likely over interior Orissa, Jharkhand, Chhattisgarh, Madhya Pradesh and northeastern States during next 48 hours. Isolated heavy rainfall also likely over Bihar and East Uttar Pradesh.

Outlook for subsequent two days:

- ✍ Numerical Weather Prediction models suggest formation of a fresh low pressure area over northwest Bay of Bengal around 28th. It is likely to increase rainfall activity initially over Orissa and Gangetic West Bengal.

Source: **IMD**

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