

## GUAR DAILY

August 17<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

Guar prices remained steady at some lower level in the different spot market on the recent rains in southeast parts of Rajasthan. The anticipation of higher production due to conducive rainfall has been playing a vital role in the minds of buyers. This led to decrease buyers' activity in the spot market. However, meager arrivals did not allow to slide down the prices further. Moreover, the buying support at the lower level in the futures market also underpinning the physical market tone. The millers were the main buyers in the spot market. The IMD in a latest weather forecast report has mentioned possibility of heavy to very heavy rainfalls over southeast Rajasthan during 48 hours. The heavy rainfall may push 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 sideways sentiment following a firm opening. Increased buying interest at the lower level supported the futures and traded upwards. Guar Seed August contract traded in the range of 1842-1930, while the most-active September contract fluctuated in the range of 1848-1897. Guar Gum August contract traded in the range of 4635-4795, while the most-active September contract fluctuated in the range of 4740-4849.

#### PRICE DRIVERS:

##### Bearish:

1. Heavy to very heavy rainfalls is likely at southeast Rajasthan during next 48hrs
2. Favourable weather condition for guar crop

##### 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

#### GUAR PRICES AT MAJOR MARKETS IN RAJAST

Commodity	Centres	16.08.06	14.08.06	Change
Guar Seed	Bikaner	1860-1880	1880	-
	Jodhpur	1925-1950	1925-1950	-
	Nokha	1830	1830	-
	Sriganganagar	1850	1850	-
Guar Gum	Jodhpur	5070	5070	-

#### TECHNICALS:

Candlestick formation is showing bullish pattern. Stochastic are in oversold region. The % K line likely to cross % D line from the below, hinting some uptrend. MACD is showing short-term weakness in the market. Prices closed 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 upwards initially following a firm opening with possibility of some downwards 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	1859	1848	1886	1930	1951
Guar Gum Sept	4771	4800	4813	4928	4954

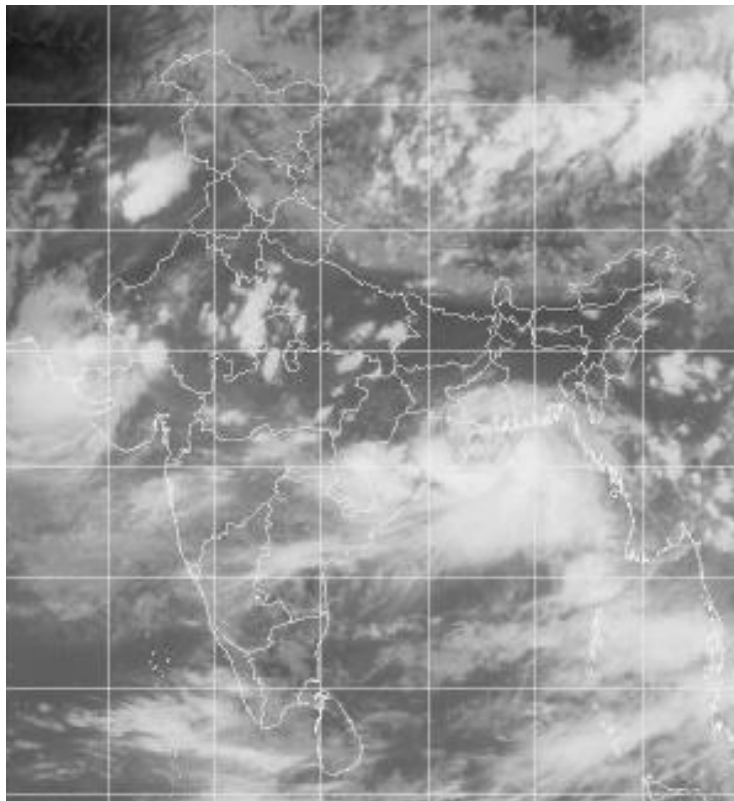
#### INTRADAY TRADE RECOMMENDATION:

**BUY NCDEX- September Guar Seed** at 1865-1875 with target of 1900 then 1915 **Stop loss** at 1855.

**BUY NCDEX- September Guar Gum** at 4770-4790 with target of 4830 then 4855 **Stop loss** at 4755.

**Do not carry forward the position until the next day.**

## SATELLITE PICTURE OF MONSOON PROGRESS (16.08.06)



### Monsoon Outlook (16.08.06)

- ✍ Yesterday's low pressure area over north Bay of Bengal off Orissa-West Bengal coast concentrated into a depression and lay centred at 0830 hrs IST of today over northwest Bay of Bengal near lat. 20.5 N and long. 88.0 E, about 150 km southeast of Balasore. The system is likely to move in a west-northwesterly direction and cross north Orissa-West Bengal Coast between Paradip and Digha by tonight or tomorrow early morning. Under its influence, widespread rainfall with heavy to very heavy falls at a few places and isolated extremely heavy falls (25cm or more) are likely over Orissa during next 48 hours. Widespread rainfall with heavy to very heavy falls at a few places are also likely over Gangetic West Bengal, north Coastal Andhra Pradesh and Chhattisgarh during the same period. Squally winds with speed reaching 50-60 kmph likely along and off Orissa- West Bengal coast during next 24 hours. Sea conditions will be rough to very rough along and off Orissa-West Bengal coast. Fishermen are advised not to venture into sea.
- ✍ Yesterday's well marked low pressure area over northwest Madhya Pradesh & adjoining east Rajasthan now lies as a low pressure area over southwest Madhya Pradesh and adjoining southeast Rajasthan. Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over Saurashtra & Kutch and north Gujarat during next 48 hours. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over south Gujarat region, south Rajasthan, southwest Madhya Pradesh, Konkan & Goa (including Mumbai) and Madhya Maharashtra during the same period.

### Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls at a few places and isolated extremely heavy falls (25cm or more) are likely over Orissa during next 48 hours. Heavy to very heavy falls at a few places are also likely over Gangetic West Bengal, north Coastal Andhra Pradesh, Chhattisgarh, Saurashtra & Kutch and north Gujarat Region during the same period.
- ✍ Isolated heavy to very heavy falls are likely over south Gujarat region, south Rajasthan, southwest Madhya Pradesh, Konkan & Goa (including Mumbai), Madhya Maharashtra and Kerala.

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

Enhanced rainfall activity may continue over West Madhya Pradesh, Gujarat and southeast Rajasthan.

Source: **IMD**

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd