

## GUAR DAILY

August 19<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

Guar prices remained backpedals on the recent rains in southeast parts of Rajasthan. The anticipation of good crop due to conducive rainfall has been playing a vital role in the minds of traders. Moreover, the sharply bearish tone in the futures market also led the traders to keep themselves at sidelines. IMD's prediction of heavy to very heavy falls likely at a few places over southwest southeast Rajasthan and Gujarat Region during next 24 hours bearing further suitable condition for the crops. However, scarcity of rainfall is reported from some parts of Rajasthan and Haryana. This may affect the crop. The millers were the main buyers in the spot market. The heavy rainfall may slid 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 bearish sentiment following a firm opening. Increased selling interest pressurized the futures and traded downwards. Finally the futures settled red with losses. Guar Seed August contract traded in the range of 1758-1820, while the most-active September contract fluctuated in the range of 1792-1840. Guar Gum August contract traded in the range of 4550-4660, while the most-active September contract fluctuated in the range of 4640-4733.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of rainfall over southeast Rajasthan and Gujarat
2. Anticipation of higher production

##### 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. However, rainfall in during growth stage is crucial for crop output

#### GUAR PRICES AT MAJOR MARKETS IN RAJAST

Commodity	Centres	18.08.06	17.08.06	Change
Guar Seed	Bikaner	1800	1845	-45
	Jodhpur	1870	1890	-20
	Nokha	1770	1800	-30
	Sriganganagar	1800	1820	-20
Guar Gum	Jodhpur	4888	4940	-52

#### TECHNICALS:

Candlestick formation is showing bearish pattern. Stochastic are in oversold region. The % K line likely to cross % D line from the below, hinting some 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 upwards initially following a firm opening and 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	1736	1771	1818	1875	1900
Guar Gum Sept	4546	4620	4697	4782	4825

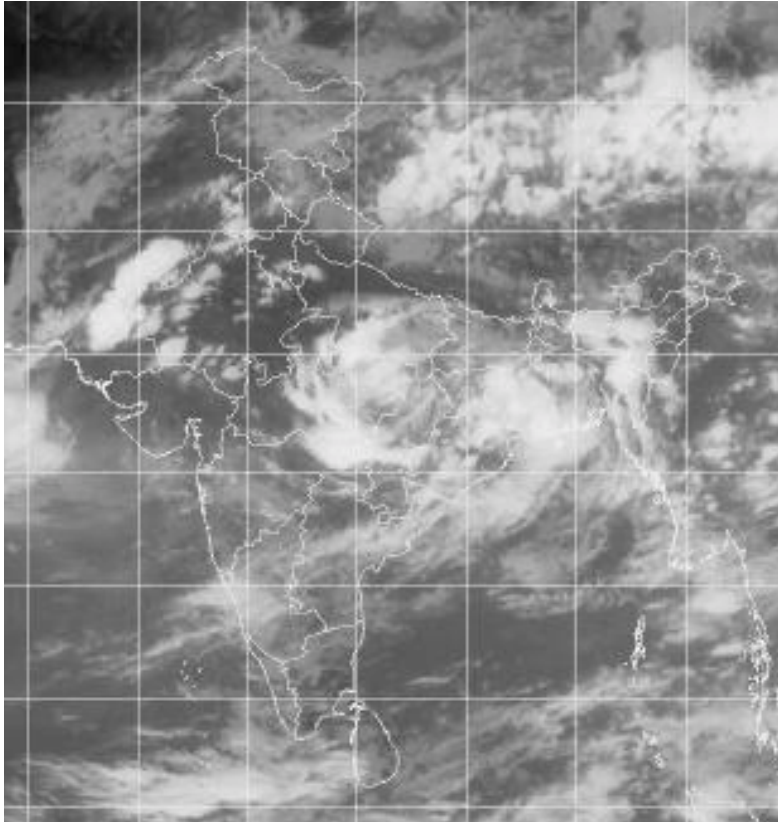
#### INTRADAY TRADE RECOMMENDATION:

**SELL NCDEX- September Guar Seed** at 1830-1840 with target of 1805 then 1788 Stop loss at 1852.

**SELL NCDEX- September Guar Gum** at 4720-4740 with target of 4680 then 4655 Stop loss at 4755.

Do not carry forward the position until the next day.

## SATELLITE PICTURE OF MONSOON PROGRESS (17.08.06)



### Monsoon Outlook (18.08.06)

- ✍ Yesterday's depression over Chhattisgarh moved west-northwestwards and now lies over southwest Madhya Pradesh at 0830 hours IST of today with its centre near lat. 23.00 N and long. 78.00 E about 100 km southeast of Bhopal. The system is likely to move in a west-northwesterly direction and weaken gradually. Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over southwest Madhya Pradesh, southeast Rajasthan and Gujarat Region during next 24 hours.
- ✍ Yesterday's low pressure area over Saurashtra & Kutch and neighbourhood moved away westwards.

### Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls likely at a few places over southwest Madhya Pradesh, southeast Rajasthan and Gujarat Region during next 24 hours. Isolated heavy falls also likely over Kerala and Coastal Karnataka.

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

- ✍ Numerical weather prediction models suggest formation of a low pressure area over north Bay of Bengal around 22nd. This may subsequently enhance the rainfall activity over Orissa and Gangetic west Bengal.

Source: **IMD**

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