

GUAR DAILY

August 24th, 2006

GUAR

SPOT MARKETS:

The ongoing rains and dark clouds over southwest parts of Rajasthan is still pressurising the guar sentiments in domestic markets. However, slightly bullish tone in futures market improves the price somewhat in spot from early weakness. Some traders reported arrivals of new guar crops in coming month. IMD's prediction of isolated heavy falls are likely over southwest Rajasthan during next 24 hours no doubt made anticipation of good crops in the minds of traders. However some crop damage due to flood in Barmer and Jaisalmer were reported. However, higher demand amidst lower carry forward stocks will also support the market tone in near future. Everybody related to guar closely monitoring the monsoon activity.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a bearish sentiment initially following a firm opening. However, increased buying interest at the lower level supported the futures and traded somewhat upwards thereafter. Finally the futures settled higher near day's high with some gains. Guar Seed September contract traded in the range of 1818-1855, while October contract fluctuated in the range of 1835-1878. Guar Gum September contract traded in the range of 4598-4745, while the October contract fluctuated in the range of 4690-4800.

PRICE DRIVERS:

Bearish:

1. Anticipation of rainfall over West Rajasthan and Gujarat

Bullish:

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

WEATHER IMPACT:

The prevailing weather in Southeast Rajasthan is favourable for crop. However, rainfall in during growth stage is crucial for crop output

TECHNICALS:

Candlestick formation is showing bullish tone. Stochastic are in oversold region. The % K line after crossing % D line from the below moving upwards to normal region 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 bullish trade.

OUTLOOK:

Guar seed is expected to trade upwards initially following a steady to firm opening and possibility of some downwards 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	1820	1837	1865	1908	1928
Guar Gum Sept	4658	4699	4774	4878	4919

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- October Guar Seed at 1845-1855 with **target** of 1880 then 1895 **Stop loss** at 1835.

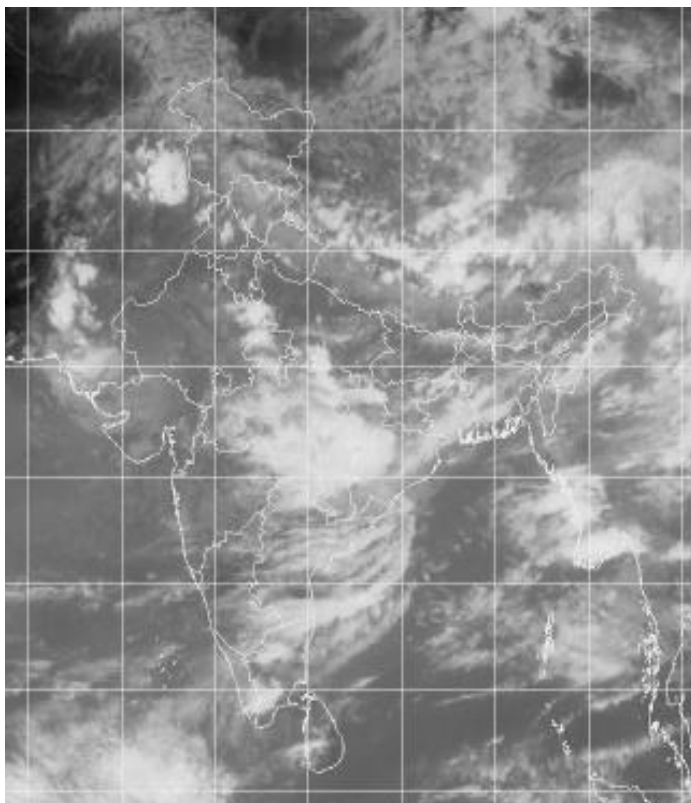
BUY NCDEX- October Guar Gum at 4740-4760 with **target** of 4800 then 4825 **Stop loss** at 4725.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	23.08.06	22.08.06	Change
Guar Seed	Bikaner	1810	1800	+10
	Jodhpur	1850	1830	+20
	Nokha	1790	1780	+10
	Sriganganagar	1800	1800	-
Guar Gum	Jodhpur	4836	4810	+26

SATELLITE PICTURE OF MONSOON PROGRESS (23.08.06)



Monsoon Outlook (23.08.06)

- ✍ Yesterday's low pressure area over southwest Rajasthan now lies over southeast Pakistan & adjoining southwest Rajasthan. Fairly widespread rainfall with isolated heavy falls likely over southwest Rajasthan during next 24 hours.
- ✍ Yesterday's well marked low pressure area over northwest Bay of Bengal and adjoining Orissa & Gangetic West Bengal now lies over Jharkhand and neighbourhood. Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over interior Orissa, Jharkhand, East Madhya Pradesh and Chhattisgarh during next 1-2 days.
- ✍ Numerical Weather Prediction models suggest northward shift of monsoon trough and increase in the rainfall activity along the foothills of Himalayas and northeastern states during next 2-3 days.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls at a few places are likely over interior Orissa, Jharkhand, Chhattisgarh and East Madhya Pradesh during next 48 hours. Isolated heavy to very heavy falls is likely over West Bengal & Sikkim, Assam & Meghalaya and Arunachal Pradesh. Isolated heavy falls also likely over southwest Rajasthan and East Uttar Pradesh.

Outlook for subsequent two days:

- ✍ Fairly widespread rainfall activity is likely over Bihar, Uttar Pradesh and Madhya Pradesh.

Source: **IMD**

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