

## GUAR DAILY

August 12, 2006

### GUAR

#### SPOT MARKETS:

Guar failed to carry Thursday's advances further during Friday's trade. The market witnesses some gain during the early part of the trading. However, profit taking capped further advances and the prices were quoted on an average lower at the end. The narrow range bound trade at the futures market has also kept the physical market quiet. Demand was reported to be lower at the higher price tags. The IMD in a latest weather forecast report has mentioned possibility of heavy to very heavy rainfalls over southeast Rajasthan during next 48 hrs. Traders are eyeing the details of the damage of the crop in Gujarat due to heavy rainfall. Amidst such circumstances, guar is likely to trade with a firm sentiment in the coming days.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX failed to carry Thursday's advances further. The futures traded slightly upwards following a firm opening. However, profit taking at the higher levels capped further advances and the futures settled with some losses in final action. Guar Seed August contract traded in the range of 1999-2021, while the most-active September contract fluctuated in the range of 2029-2056. Guar Gum August contract traded in the range of 5104-5150, while the most-active September contract fluctuated in the range of 5175-5230 during Friday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Heavy to very heavy rainfalls is likely at a few places over southeast Rajasthan during next 48hrs

##### Bullish:

2. Concerns over the condition of recently sown crop
3. Anticipation of lower carry forward stocks
4. Good domestic as well as export demand

#### WEATHER IMPACT:

The coming few days is very vital for the crop as absent or inadequate rainfall may hamper the sowing activity and thus lead to lower production.

#### TECHNICALS:

Candlestick formation is showing slightly bearish pattern. Stochastic are moving upwards in normal region, hinting further uptrend. MACD is showing short-term strength in the market. Prices closed well above 9-day and 18-day EMA, indicating bullish trend. Overall technical picture is pointing towards a bullish trade.

#### OUTLOOK:

Guar seed is expected to trade upwards following a firm opening with possibility of some early downtrend. Weather conditions need to be closely watched before taking any trading decision.

#### NCDEX Guar Seed September Contract

EMA(9) 2014.4 (18) 2013.9



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1985	2011	2038	2078	2100
Guar Gum Sept	5081	5134	5190	5277	5323

#### INTRADAY TRADE RECOMMENDATION:

**BUY NCDEX- September Guar Seed** at 2015-2020 with **target** of 2045 then 2055 **Stop loss** at 2000.

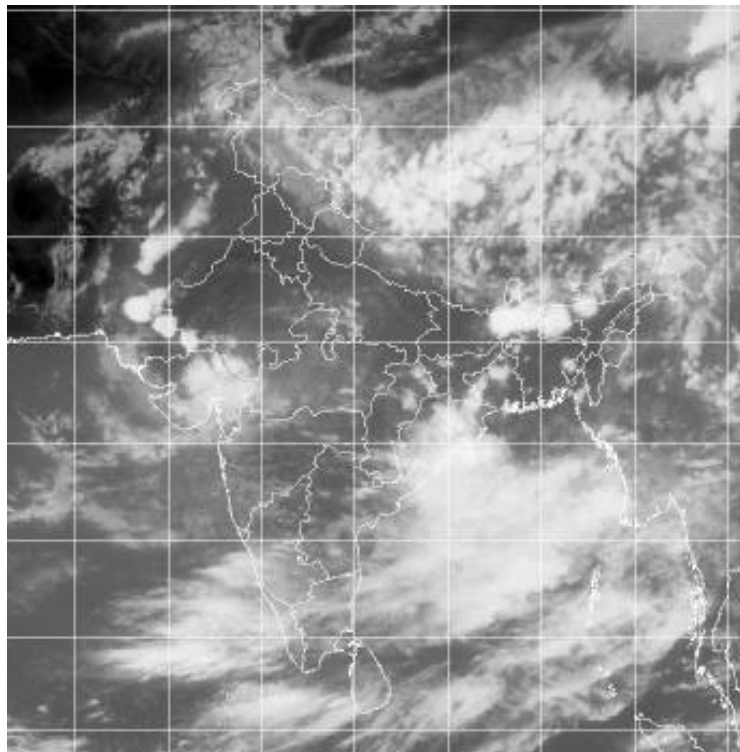
**BUY NCDEX- September Guar Gum** at 5165-5175 with **target** of 5210 then 5225 **Stop loss** at 5135.

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

#### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	11.08.06	10.08.06	Change
Guar Seed	Bikaner	1920	1935	-15.00
	Jodhpur	2025	2040	-15.00
	Nokha	1890	1902	-12.00
	Sriganganagar	1900-1910	1915	-15.00
Guar Gum	Jodhpur	5252	5304	-52.00

## SATELLITE PICTURE OF MONSOON PROGRESS (11.08.06)



### Monsoon Outlook (11.08.06)

- Yesterday's low pressure area over north Bay of Bengal off north Orissa-West Bengal coast persists. The system is likely to become more marked during next 24 hours. Widespread rainfall with heavy to very falls is likely at a few places over Orissa, coastal West Bengal and north coastal Andhra Pradesh during next 48 hours. Subsequently it is likely to enhance from 13<sup>th</sup> with possibility of scattered heavy to very heavy falls and isolated extremely heavy rainfall ( $\geq 25$  cm) over Orissa & north coastal Andhra Pradesh and may also extend into Chhattisgarh and Telangana.
- The other low pressure area over southwest Madhya Pradesh and neighbourhood also persists and is now well marked. Widespread rainfall with heavy to very heavy falls is likely at a few places over Gujarat region, southeast Rajasthan and southwest Madhya Pradesh and isolated over Saurashtra & Kutch and Konkan & Goa during next 48 hours. Subsequently rainfall activity is likely to decrease gradually over Gujarat region, southeast Rajasthan and southwest Madhya Pradesh from 13<sup>th</sup>. However, it is likely to enhance with scattered heavy to very heavy rains and isolated extremely heavy falls ( $\geq 25$  cm) over Saurashtra & Kutch, Konkan & Goa (including Mumbai) from 13<sup>th</sup> onwards.

### Heavy Rainfall Warning:

- Heavy to very heavy rainfall (upto 25 cm) is likely at a few places over Gujarat region, southeast Rajasthan, southwest Madhya Pradesh, Orissa, north coastal Andhra Pradesh & coastal West Bengal and isolated over Saurashtra & Kutch and Konkan & Goa (including Mumbai) during next 48 hours.

### Outlook for subsequent two days from 0830 hours IST of 14<sup>th</sup> August 2006 (Based on numerical weather products):

- Increase in rainfall activity over central India, Maharashtra and Telangana.

Source: IMD

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