

## GUAR DAILY

2006

August 22<sup>nd</sup>,

### GUAR

#### SPOT MARKETS:

The weak sentiment is still dominating in domestic markets. Some rains in southeast parts of Rajasthan led the buyers to keep themselves at sidelines. The sideways tone in futures also pressurised the market sentiment. However, scarcity of rainfall is reported from some parts of Rajasthan and Haryana. This may affect the crop. Some traders reported arrivals of new guar crops in coming month. The millers remained the active buyers in the spot market. IMD's prediction of isolated heavy falls are likely over southwest Rajasthan during next 24 hours may down the market. However, traders were optimistic about rising the guar prices in coming future on higher demand amidst lower carry forward stocks. 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 weak opening. However, increased buying interest at the lower level supported the futures and settled in green finally. Guar Seed September contract traded in the range of 1760-1845, while October contract fluctuated in the range of 1773-1865. Guar Gum September contact traded in the range of 4481-4680, while the October contract fluctuated in the range of 4525-4750.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of rainfall over West Rajasthan and Gujarat
2. Anticipation of good crop

##### Bullish:

3. Anticipation of lower carry forward stocks
4. Good domestic demand

#### 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 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 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	1785	1800	1827	1888	1906
Guar Gum Sept	4581	4625	4678	4781	4826

#### INTRADAY TRADE RECOMMENDATION:

**BUY NCDEX- September Guar Seed** at 1820-1830 with target of 1865 then 1885 **Stop loss** at 1805.

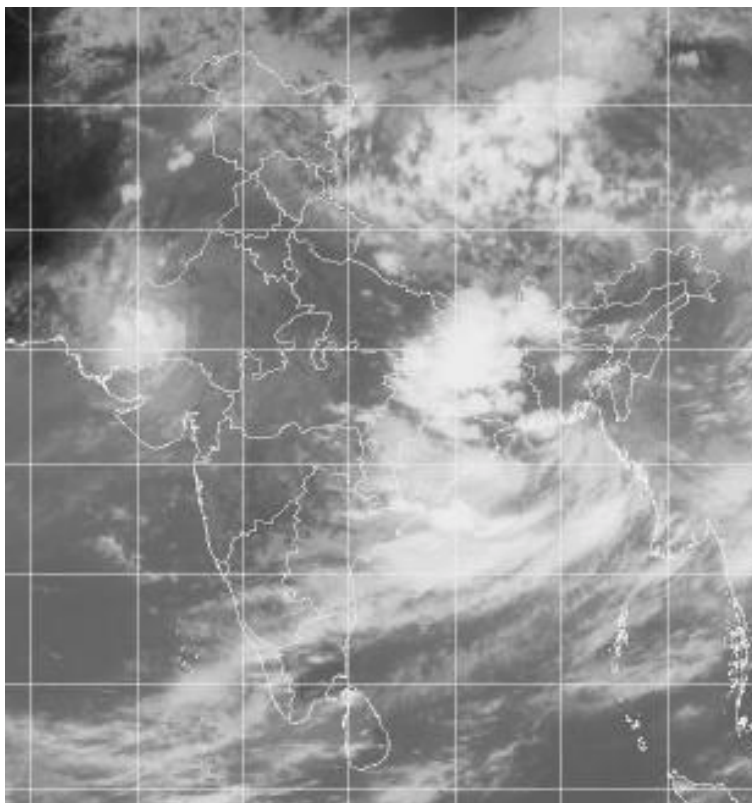
**BUY NCDEX- September Guar Gum** at 4660-4680 with target of 4720 then 4745 **Stop loss** at 4645.

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

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

Commodity	Centres	21.08.06	19.08.06	Change
Guar Seed	Bikaner	1800	1800	-
	Jodhpur	1820	1870	-50
	Nokha	1780	1770	+10
	Sriganganagar	1800	1800	-
Guar Gum	Jodhpur	4810	4888	-78

## SATELLITE PICTURE OF MONSOON PROGRESS (21.08.06)



### Monsoon Outlook (21.08.06)

- ✍ Yesterday's low pressure area over West Rajasthan and neighbourhood persists. Under its influence, fairly widespread rainfall with isolated heavy falls are likely over southwest Rajasthan during next 24 hours.
- ✍ Yesterday's low pressure area over north Bay of Bengal persists off north Orissa-West Bengal coast. It is likely to become more marked. Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over Orissa during next 48 hours. Fairly widespread rainfall with isolated heavy to very heavy is also likely over Gangetic West Bengal during the same period.
- ✍ Axis of monsoon trough at sea level passes through centre of low pressure area, Aligarh, Gonda, Muzaffarpur, centre of low pressure area over north Bay of Bengal and thence southeastwards to east central Bay of Bengal.

### Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls at a few places are likely over Orissa during next 48 hours. Isolated heavy to very heavy is also likely over Gangetic West Bengal during the same period.
- ✍ Isolated heavy falls are likely over southwest Rajasthan during next 24 hours.

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

- ✍ Decrease in rainfall activity over east India.
- ✍ Enhanced rainfall activity over Chhattisgarh likely to continue.

Source: **IMD**

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