

## GUAR DAILY

August 30<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

A thin trading activity is witnessed in majority of guar market. Confusion among traders on anticipated production made them at sidelines. Moreover, spillover trading in futures market also did not motivated buyers to remain active. Overall a sentiment for long term is bullish on higher demand amidst lower production. The millers demand is higher in lower price levels. Everybody related to guar closely monitoring the monsoon activity are optimistic about recovery of guar prices from present weakness in coming futures.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a weak sentiment following a firm opening. However, increased selling interest pressurized the futures and settled at negative territory. Guar Seed September contract traded in the range of 1798-1822, while October contract fluctuated in the range of 1810-1839. Guar Gum September contract traded in the range of 4674-4714, while the October contract fluctuated in the range of 4706-4748.

#### PRICE DRIVERS:

##### Bearish:

1. Confusion among traders on expected guar production
2. Lackluster trade in futures market

##### Bullish:

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

#### WEATHER IMPACT:

The prevailing weather in Southeast Rajasthan is favourable for crop. However, higher water stagnation may damage the crops.

#### TECHNICALS:

Candlestick formation is showing bearish tone. Stochastic are in normal region. The % K line likely to cross % D line from the above and moving downwards to oversold region, hinting some down trend. MACD is showing short-term weakness in the market. Prices closed much below 9-day and 18-day EMA, indicating bearish trend.

#### OUTLOOK:

Guar seed is expected to trade downwards initially following a weak opening and some upward 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	1780	1793	1816	1860	1876
Guar Gum Sept	4621	4667	4710	4825	4871

#### INTRADAY TRADE RECOMMENDATION:

**BUY NCDEX- October Guar Seed** at 1805-1815 with target of 1840 then 1855 **Stop loss** at 1795.

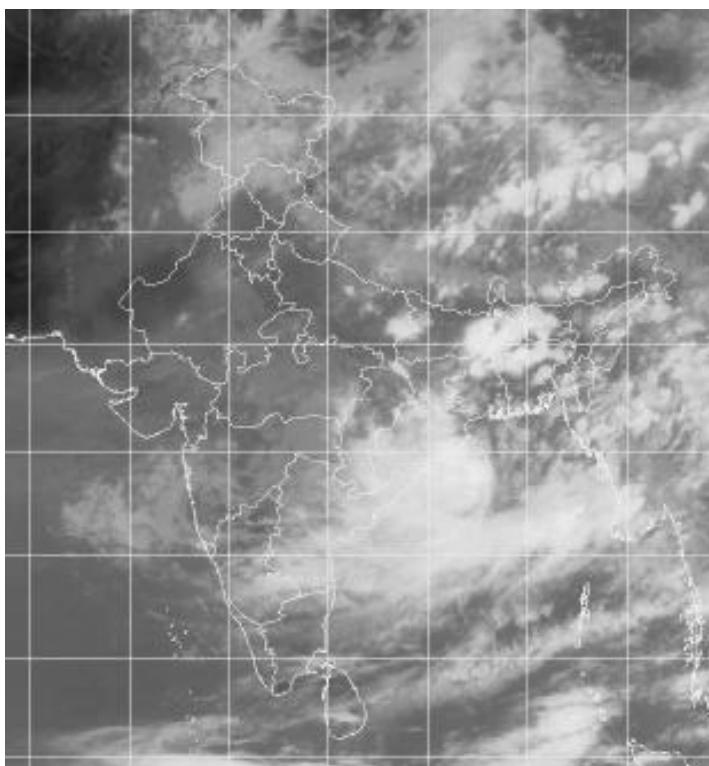
**BUY NCDEX- October Guar Gum** at 4690-4710 with target of 4750 then 4775 **Stop loss** at 4675.

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

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

Commodity	Centres	29.08.06	28.08.06	Change
Guar Seed	Bikaner	1750	Closed	-
	Jodhpur	1850	Closed	-
	Nokha	1710	Closed	-
	Sriganganagar	1720	Closed	-
Guar Gum	Jodhpur	4700	Closed	-

## SATELLITE PICTURE OF MONSOON PROGRESS (28.08.06)



## Monsoon Outlook (28.08.06)

- ✍ Yesterday's low pressure area over north Bay of Bengal off north Orissa & West Bengal coast persists and is well marked. The system may concentrate into a depression. Under its influence, widespread rainfall with scattered heavy to very heavy falls are likely over Orissa during next 48 hours. Isolated heavy to very heavy falls are also likely over West Bengal & Sikkim, Jharkhand, Bihar, East Uttar Pradesh, Chhattisgarh and north Coastal Andhra Pradesh during the same period.
- ✍ The axis of the monsoon trough at sea level passes through Ferozepur, Roorkee, Gonda, Gaya, Midnapore and centre of well marked low pressure area northwest Bay of Bengal in a day or two which may subsequently increase rainfall activity over Orissa and Gangetic West Bengal.

## Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls are likely at a few places over Orissa during next 48 hours. Isolated heavy to very heavy falls are also likely over West Bengal & Sikkim, Chhattisgarh, Jharkhand, Bihar, East Uttar Pradesh and north Coastal Andhra Pradesh during the same period

## Outlook for subsequent two days (Based on numerical weather products):

- ✍ Decrease in rainfall activity over Orissa and Gangetic West Bengal.
- ✍ Increase in rainfall activity over West Madhya Pradesh and Gujarat Region

Source: GOI (IMD)

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