

GUAR DAILY

August 31st, 2006

GUAR

SPOT MARKETS:

The arrivals of guar seed in some parts of Rajasthan mainly in Sriganganagar district pressurised the guar market sentiments. The conducive rainfall in major guar growing belts is also supported the bearish tone. The traders perceived that the crop loss in main guar production district at Bermer not significantly affect the total production. Traders from Sriganganagar district attributed a higher production this time and predicted somewhat higher from last year's 9-10 lakh bags. However, traders from Bikaner and Nokha districts stated a lower production at their respective states. The confusion among anticipated production is also made the buyers to remain 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.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a weak sentiment following a weak opening. However, increased selling interest pressurized the futures. Finally the futures settled lower near day's low with losses. Guar Seed September contract traded in the range of 1762-1798, while October contract fluctuated in the range of 1771-1811. Guar Gum September contract traded in the range of 4532-4660, while the October contract fluctuated in the range of 4560-4679.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on expected guar production
2. Lackluster trade in futures market
3. Conducive rainfall in some areas

Bullish:

4. Anticipation of lower carry forward stocks

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 oversold region. The % K line likely to cross % D line from the above and moving downwards, 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 with possibility of 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	1725	1700	1777	1818	1835
Guar Gum Sept	4500	4450	4581	4652	4700

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- October Guar Seed at 1785-1795 with target of 1760 then 1735 **Stop loss** at 1805.

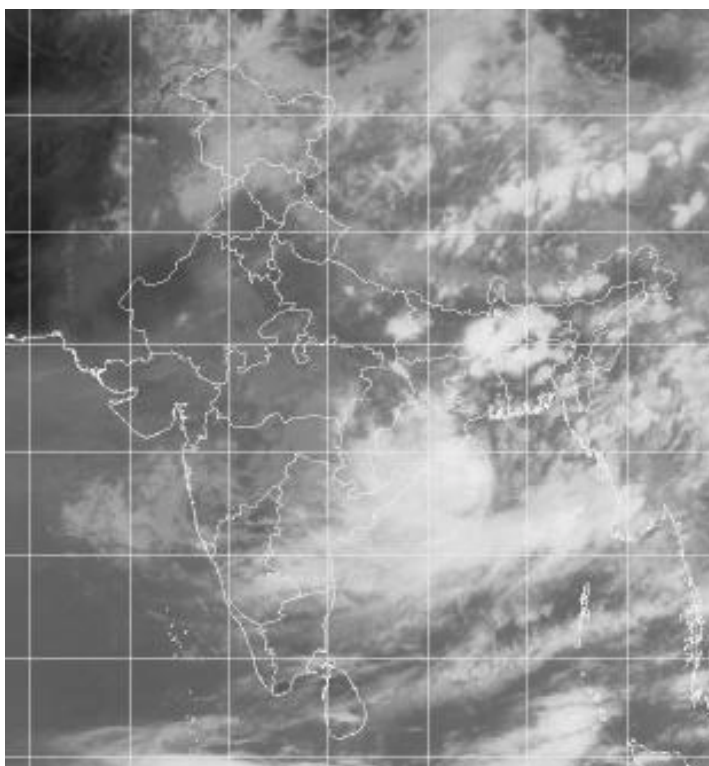
SELL NCDEX- October Guar Gum at 4600-4620 with target of 4560 then 4535 **Stop loss** at 4635.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	30.08.06	29.08.06	Change
Guar Seed	Bikaner	1700	1750	-50.00
	Jodhpur	1800	1850	-50.00
	Nokha	1650	1710	-60.00
	Sriganganagar	1670	1720	-50.00
Guar Gum	Jodhpur	4600	4700	-100.00

SATELLITE PICTURE OF MONSOON PROGRESS (28.08.06)



Monsoon Outlook (30.08.06)

- ✍ Yesterday's depression over Orissa close to Bhubaneswar moved west-northwestwards and now lies over Chhattisgarh with its centre at 0830 hours IST of today morning near Lat 22.0 N and Long 83.0 E about 50 km southeast of Champa. The system is likely to move in a northwesterly direction and weaken gradually.
- ✍ Under its influence, widespread rainfall with heavy to very heavy falls at a few places and isolated extremely heavy falls (25 cm or more) are likely over Chhattisgarh and East Madhya Pradesh during next 24 hours. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over West Madhya Pradesh, interior Orissa, north Telangana and Vidarbha during same period. Rainfall activity is likely to increase over West Madhya Pradesh and northwest India during subsequent 2-3 days.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls at a few places and isolated extremely heavy falls (25 cm or more) are likely over Chhattisgarh and East Madhya Pradesh during next 24 hours. Isolated heavy to very heavy falls are also likely over West Madhya Pradesh, interior Orissa, north Telangana, Vidarbha and Uttaranchal during same period.

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

- ✍ Decrease in rainfall activity over Central India.
- ✍ Enhanced rainfall activity likely to continue over northwest India

Source: GOI (IMD)

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