

GUAR DAILY

August 16, 2006

GUAR

SPOT MARKETS:

Guar prices turned towards bearish in the different spot market on the recent rains in some parts of Rajasthan. Regular rainfall is reported from Barmer,, Nokha and Jaisalmer district of Rajasthan. The rainfall is likely to conducive for sowing. The anticipation of higher production due to the favourable weather condition did not motivate buyers in this stage. Moreover, the plunged in futures market also underpinning the physical market tone. The IMD in a latest weather forecast report has mentioned possibility of heavy to very heavy rainfalls over southeast Rajasthan during few days. However, the traders were optimistic about rising guar prices in short term.

FUTURES MARKETS:

Guar futures at the NCDEX traded with a bearish sentiment following a firm opening. Increased selling interest at the higher level pressurized the futures and slid down to much lower levels. Finally the futures settled lower with high losses. Guar Seed August contract traded in the range of 1862-1990, while the most-active September contract fluctuated in the range of 1873-2007. Guar Gum August contact traded in the range of 4720-5033, while the most-active September contract fluctuated in the range of 4770-5119.

PRICE DRIVERS:

Bearish:

1. Heavy to very heavy rainfalls is likely at a few places over southeast Rajasthan during next 48hrs
2. Rainfalls in guar producing areas of Rajasthan and Haryana

Bullish:

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.

GUAR PRICES AT MAJOR MARKETS IN RAJAST

Commodity	Centres	14.08.06	12.08.06	Change
Guar Seed	Bikaner	1880	1900-1910	-30.00
	Jodhpur	1925-1950	2000	-50.00
	Nokha	1830	1875	-40.00
	Sriganganagar	1850	1900	-50.00
Guar Gum	Jodhpur	5070	5200	-130..00

TECHNICALS:

Candlestick formation is showing highly bearish pattern. Stochastic are moving downwards towards oversold region, hinting further downtrend. MACD is showing short-term weakness in the market. Prices closed below 9-day and 18-day EMA, indicating bearish trend. Overall technical picture is pointing towards a bearish trade.

OUTLOOK:

Guar seed is expected to trade downwards initially following a steady to firm opening with possibility of some upwards 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	1845	1830	1881	1930	1951
Guar Gum Sept	4700	4726	4784	4898	4934

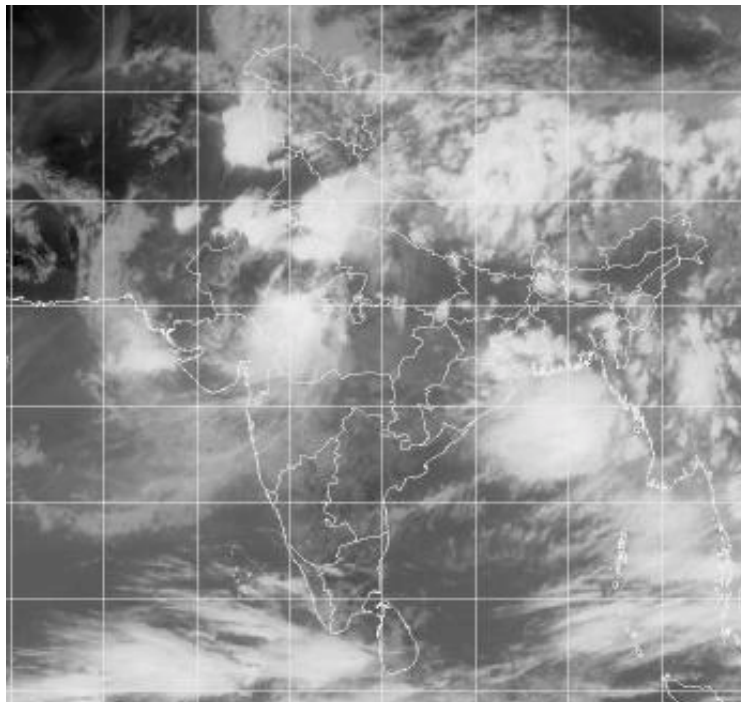
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- September Guar Seed at 1860-1870 with target of 1900 then 1917 **Stop loss** at 1848.

BUY NCDEX- September Guar Gum at 4750-4770 with target of 4810 then 4835 **Stop loss** at 4735.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (14.08.06)



Monsoon Outlook (14.08.06)

- ✍ Yesterday's well marked low pressure area over Chhattisgarh and neighbourhood now lies over East Madhya Pradesh and neighbourhood. The system is likely to move slowly in west-northwesterly direction. Under its influence, widespread rainfall with heavy to very heavy falls at a few places and isolated extremely heavy falls (25 cms or more) are likely over southwest Madhya Pradesh during next 24 hours. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over northwest Madhya Pradesh, north Marathawada, north Madhya Maharashtra and southeast Rajasthan during same period. Subsequently the enhanced rainfall belt is likely to extend to Gujarat region and Konkan & Goa(including Mumbai) around 15th night.
- ✍ Yesterday's low pressure area over southern parts of West Rajasthan and neighbourhood now lies over Kutch and neighbourhood. Under its influence, fairly widespread rainfall with isolated heavy to very heavy falls likely over Saurashtra & Kutch during next 24 hours.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy rainfall at a few places with isolated extremely heavy falls (25 cms or more) likely over southwest Madhya Pradesh.
- ✍ Isolated heavy to very heavy falls also likely over Saurashtra & Kutch, southeast Rajasthan, northwest Madhya Pradesh, north Marathawada and north Madhya Maharashtra.

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

- ✍ A low pressure area is likely to form over north Bay of Bengal off Orissa and west Bengal coast around 16th. Under its influence, enhanced rainfall activity is likely over Orissa and Gangetic West Bengal.

Source: IMD

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