

GUAR DAILY

August 06, 2006

GUAR

SPOT MARKETS:

Guar prices at the physical markets remained almost steady on steady demand amidst lower supply. Some rainfall over parts of Rajasthan did not activate buyers. Moreover, the sluggish trade in futures market was also hinders the buyers of physical market. In the Churu, Nagar and Sikar district of Rajasthan some infestation of crops by the insect pest locally named telia was reported. However, traders were optimistic of rising guar prices in near future on the anticipation of inadequate rainfall. Everybody related to guar closely monitoring the rainfall activity for further decision. The farmers have been waiting for the rainfall. The coming 4-5 day is very vital for the crop as absent or inadequate rainfall may hamper the sowing activity and this forced to lower production. The heavy rainfall within 4-5 days in major guar growing state may plunged the guar prices.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a bullish sentiment following a firm opening. Increased buying interest at the lower levels supported the futures and traded upwards. Finally the futures settled at positive territory with some gains. Guar Seed August contract traded in the range of 1964-1976, while the most-active September contract fluctuated in the range of 1995-2013. Guar Gum August contract traded in the range of 5041-5080, while the most-active September contract fluctuated in the range of 5105-5149.

PRICE DRIVERS:

Bearish:

1. Rainfall some parts of Rajasthan
2. Thin trading activity in futures market

Bullish:

3. Talks of inadequate rainfall over guar producing areas
4. Good domestic as well as export demand

WEATHER IMPACT:

Rainfall at present is utmost important for sowing of guar.

TECHNICALS:

Candlestick pattern is bullish. %K-line has entered the normal region and bullish, hinting some up trend. MACD is showing short-term weakness. Prices closed just below 9-day and 18-day EMA, indicating bearish sentiments. Overall technical picture is pointing towards bullish sentiments.

OUTLOOK:

Guar seed is expected to trade upwards initially following a steady to firm opening and possibility of some downward 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	1962	1977	2006	2054	2070
Guar Gum Sept	5023	5060	5128	5220	5250

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- September Guar Seed at 1985-1995 with **target** of 2030 then 2050 **Stop loss** at 1970.

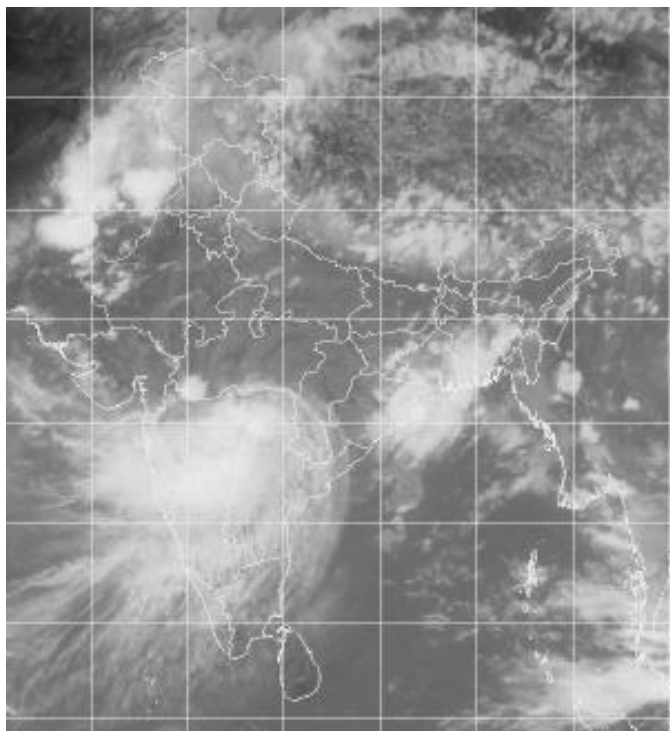
Buy NCDEX- September Guar Gum at 5100-5120 with **target** of 5160 then 5185 **Stop loss** at 5085.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	05.08.06	04.08.06	Change
Guar Seed	Bikaner	1900	1890	+10
	Jodhpur	2010	2000-2010	-
	Nokha	1890	1880-1890	-
	Sriganganagar	1910	1910	-
Guar Gum	Jodhpur	5226	5148	+78

SATELLITE PICTURE OF MONSOON PROGRESS (05.08.06)



Monsoon Outlook (04.08.06)

- ✍ Morning's deep depression over south Chhattisgarh has moved slightly northwestwards and weakened into a depression. It now lies centred at 1430 hours IST of today near Lat. 20.5°N, and Long. 82.0°E about 100 km south-southeast of Raipur. The system is likely to move in a west-northwesterly direction and weaken gradually. Under its influence, heavy to very heavy rainfall is likely at a few places over Telangana, Vidrabha and Marathawada and isolated heavy rainfall also likely over north Coastal Andhra Pradesh and south Chhattisgarh during next 24 hours.
- ✍ Sea conditions are likely to be rough for some more time along and off north Andhra Pradesh coast. Fishermen are advised to be careful while venturing into sea.
- ✍ The axis of monsoon trough at sea level passes through Anupgarh, Kota, Bhopal, Seoni, center of deep depression, Gopalpur and thence southeastwards.

HEAVY RAINFALL WARNING

- ✍ Heavy to very heavy rainfall is likely at a few places over Telangana, Vidrabha and Marathawada. Isolated heavy rainfall also likely over Madhya Maharashtra, Konkan, north Coastal Andhra Pradesh, south Chhattisgarh and Jammu division of Jammu & Kashmir.

Outlook for subsequent two days from 1430 hours IST of 7th August 2006 (Based on numerical weather products):

- ✍ Enhanced rainfall activity likely to continue over Konkan & Goa, Madhya Maharashtra and Gujarat Region and may extend into Saurashtra & Kutch and south Rajasthan.

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