

GUAR DAILY

August 05, 2006

GUAR

SPOT MARKETS:

Guar prices at the physical markets remained ease on some rainfall over parts of Rajasthan. The rainfall reported from Churu and Bermer district of Rajasthan. The sluggish trade in futures market was also hinders the buyers in physical. 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 week is very vital for the crop as absent or inadequate rainfall may hamper the sowing activity and this forced to lower production. However, according to traders the prices may slid to some down side in case of heavy rainfall.

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 levels recovered the futures from some of the early losses. Finally the futures settled lower with losses.. Guar Seed August contract traded in the range of 1947-1970, while the most-active September contract fluctuated in the range of 1980-2008. Guar Gum August contact traded in the range of 4990-5050, while the most-active September contract fluctuated in the range of 5060-5120.

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 bearish. %K-line has entered the normal region and slightly 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 bearish 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	1947	1967	1993	2054	2070
Guar Gum Sept	5002	5033	5095	5186	5229

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- September Guar Seed at 1980-1990 with **target** of 2025 then 2045 **Stop loss** at 1965.

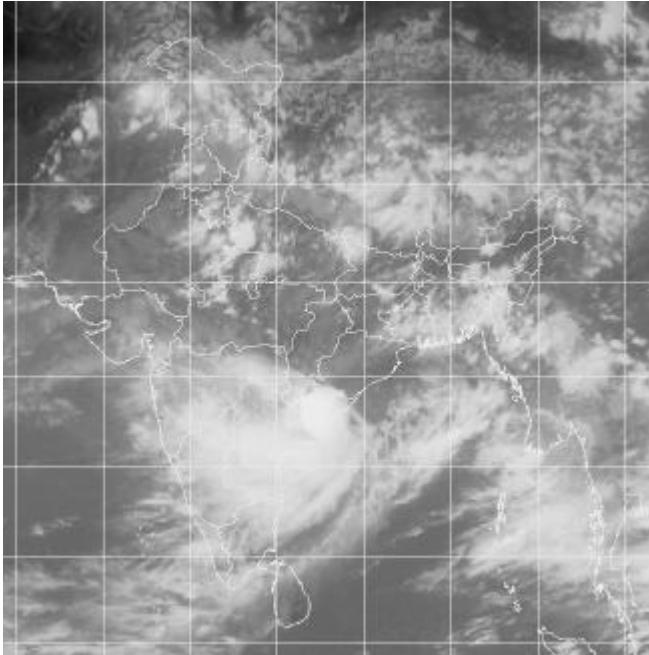
Buy NCDEX- September Guar Gum at 5060-5080 with **target** of 5130 then 5160 **Stop loss** at 5040.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.08.06	03.08.06	Change
Guar Seed	Bikaner	1890	1910	-20
	Jodhpur	2000-2010	2030-2040	-20
	Nokha	1880-1890	1890	-
	Sriganganagar	1910	1925	-15
Guar Gum	Jodhpur	5148	5252	-104

SATELLITE PICTURE OF MONSOON PROGRESS (03.08.06)



Source: **IMD**

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