

GUAR DAILY

September 01st, 2006

GUAR

SPOT MARKETS:

A guar sentiment is continued poor and seems to traveling towards floor. The arrivals of guar seed in some parts of Rajasthan mainly in Sriganganagar district underpinning the market sentiments. The anticipation of good crops due to suitable rainfall in major guar growing belts is also supported the bearish tone. Traders from Sriganganagar district attributed a higher production this time and predicted somewhat higher from last year's 9-10 lakh bags.. The traders from perceived that the crop loss in main guar production district at Bermer not significantly affect the total production. 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. Overall a sentiment for long term is bullish on higher demand amidst lower production however the weakness may continue within couple of days.

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 1699-1757, while October contract fluctuated in the range of 1702-1776. Guar Gum September contract traded in the range of 4335-4523, while the October contract fluctuated in the range of 4370-4580.

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.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	31.08.06	30.08.06	Change
Guar Seed	Bikaner	1700	1700	-
	Jodhpur	1800	1800	-
	Nokha	1600	1650	-50.00
	Sriganganagar	1650	1670	-20.00
Guar Gum	Jodhpur	4550	4600	-50.00

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.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1673	1650	1713	1750	1772
Guar Gum Sept	4320	4250	4405	4500	4552

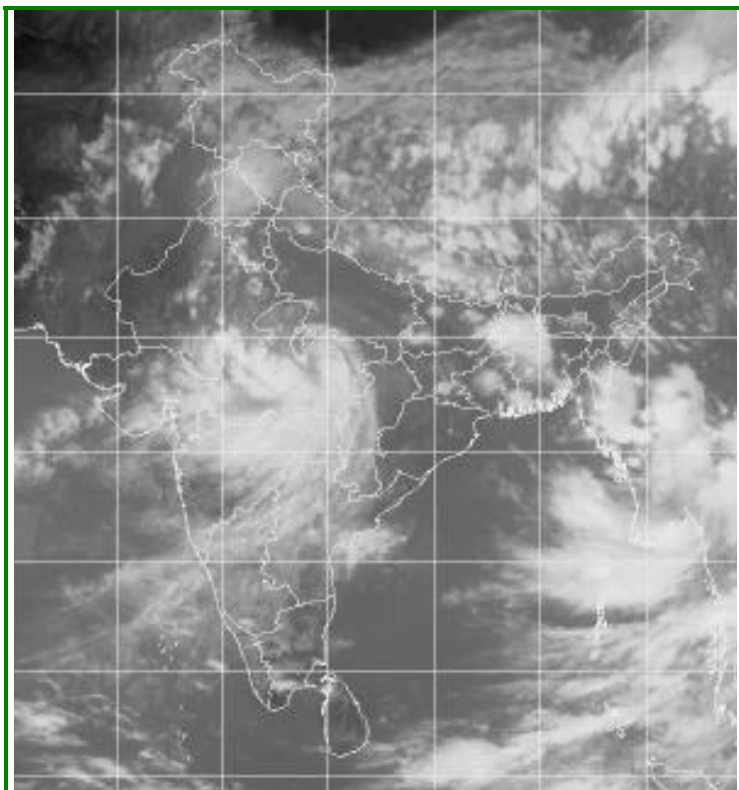
INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- October Guar Seed at 1720-1730 with target of 1700 then 1685 **Stop loss** at 1740.

SELL NCDEX- October Guar Gum at 4430-4450 with target of 4384 then 4354 **Stop loss** at 4470.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (31.08.06)



Monsoon Outlook (31.08.06)

- ✍ Yesterday's depression over Chhattisgarh moved westnorthwards and lay centred at 0830 hours IST of today morning near Lat 23.5° N and Long 79.0° E, about 50 km south-southeast of Sagar. 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 southwest Madhya Pradesh during next 24 hours. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over rest Madhya Pradesh, Gujarat region East Rajasthan, north Madhya Maharashtra, Vidarbha during same period. Subsequently with the likely north westwards movement of the system and its interaction with Western disturbance enhanced rainfall belt is likely to shift into parts of northwest India.

Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls at a few places with isolated extremely heavy falls (25 cm 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 rest Madhya Pradesh, Gujarat region East Rajasthan, north Madhya Maharashtra, Vidarbha during same period.
- ✍ Isolated heavy to very heavy falls also likely over Himachal Pradesh and Uttaranchal.

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

- ✍ Fairly widespread rainfall activity likely to continue over northwest India.

Source: GOI (IMD)

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