

## GUAR DAILY

August 03, 2006

### GUAR

#### SPOT MARKETS:

Guar prices at the physical markets improved somewhat over previous weakness. Talks of inadequate rainfall over major guar producing belts coupled with anticipation of below normal rainfall mainly underpinning the market tone. Good demand was experienced from different spot markets of guar in the context of lower carry forward stocks. The buying interest among the actors of futures market is also driving the market towards some upper sides. However, according to traders the prices may slid to some down side in case of heavy rainfall. The long-term outlook for guar still remains bullish owing to low carry over stock and good export demand. The traders have been looking forwards to the amount of rainfall activity for further decision.

#### 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 supported the futures and traded upwards thereafter. Finally the futures settled higher near day's high with gains. Guar Seed August contract traded in the range of 1942-1983, while the most-active September contract fluctuated in the range of 1976-2022. Guar Gum August contact traded in the range of 4996-5084, while the most-active September contract fluctuated in the range of 5056-5151.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of heavy rainfall over Rajasthan

##### Bullish:

2. Talks of inadequate rainfall over guar producing areas
3. Anticipation of lower carry forward stock
4. Good domestic as well as export demand

#### WEATHER IMPACT:

Yesterday's low-pressure area over southeast Rajasthan has moved away westwards. Rainfall at present is utmost important for sowing of guar.

#### TECHNICALS:

Candlestick pattern is bullish. %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 somewhat bullish sentiments.

#### OUTLOOK:

Guar seed is expected to trade upwards initially following a firm opening with 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	1989	1998	2015	2051	2075
Guar Gum Sept	5096	5112	5145	5221	5251

#### INTRADAY TRADE RECOMMENDATION:

**Buy** NCDEX- September Guar Seed at 1990-2005 with **target** of 2035 then 2050 **Stop loss** at 1980.

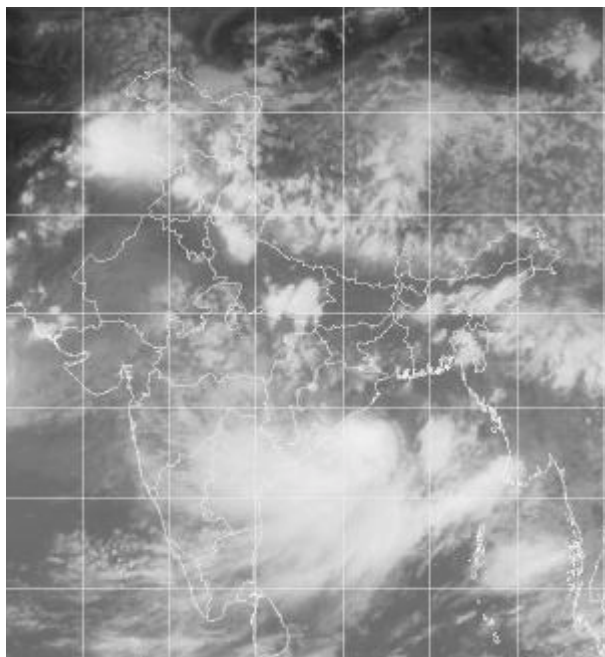
**Buy** NCDEX- September Guar Gum at 5110-5130 with **target** of 5170 then 5195 **Stop loss** at 5095.

**Do not carry forward the position until the next day.**

#### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	02.08.06	01.08.06	Change
Guar Seed	Bikaner	1910	1900	+10
	Jodhpur	2025	2000	+25
	Nokha	1890	1870	+20
	Sriganganagar	1915-1920	1905	+15
Guar Gum	Jodhpur	5252	5120	+132

## SATELLITE PICTURE OF MONSOON PROGRESS (02.08.06)



### ALL INDIA WEATHER FORECAST:

- ✍ The well marked low pressure area over northwest Bay of Bengal off north Orissa-West Bengal coast concentrated into a depression and lay centred at 0830 IST of today, 2<sup>nd</sup> August 2006, near latitude 20.5° N and longitude 87.5° E about 100 Km east-southeast of Chandbali. The system is likely to move in a west-northwesterly direction and cross north Orissa coast between Paradip and Balasore close to Chandbali by tonight or tomorrow early morning.
  - Under its influence, widespread rainfall with heavy to very heavy falls at a few places and extremely heavy falls (more than 25 cm) at one or two places likely over Orissa during next 48 hours. Squally winds speed reaching 50-60 KMPH likely along and off Orissa coast during next 24 hours. Sea conditions will be rough to very rough along and off Orissa coast. The fishermen are advised not to venture into the sea.
  - As the system moves west-northwestwards, the enhanced rainfall activity is likely to shift westwards subsequently across Madhya Pradesh, Maharashtra and Gujarat Region.
- ✍ Yesterday's low pressure area over southeast Rajasthan has moved away westwards.

### Heavy rainfall warning:

- ✍ Heavy to very heavy rainfall at a few places with extremely heavy falls (more than 25 cm) at one or two places is likely over Orissa. Isolated heavy to very heavy falls also likely over Madhya Maharashtra, Konkan & Goa (including Mumbai), Chhattisgarh, East Madhya Pradesh, Vidarbha, north coastal Andhra Pradesh and Telangana.

### Outlook for subsequent two days from 0830 hours IST of 3<sup>rd</sup> August 2006 (Based on numerical weather products):

- ✍ Rainfall activity is likely to increase over Konkan & Goa (including Mumbai) and Gujarat Region. Decrease in rainfall activity over east and adjoining central India.

Source: IMD

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