

## GUAR DAILY

August 29<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

The major guar market in Rajasthan is closed. The anticipation of lower production has been playing a major role in the minds of traders. Overall a sentiment for long term is bullish on higher demand amidst lower production. The millers demand is higher in lower price levels. Everybody related to guar closely monitoring the monsoon activity are optimistic about recovery of guar prices from present weakness in coming futures.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a sideways sentiment following a steady opening. However, increased buying interest at the lower level supported the futures. Guar Seed September contract traded in the range of 1797-1831, while October contract fluctuated in the range of 1812-1849. Guar Gum September contract traded in the range of 4650-4725, while the October contract fluctuated in the range of 4685-4761.

#### PRICE DRIVERS:

##### Bearish:

1. Confusion among traders on expected guar production
2. Lackluster trade in futures market

##### Bullish:

3. Anticipation of lower carry forward stocks
4. Scarcity of rain fall in some parts of Rajasthan

#### WEATHER IMPACT:

The prevailing weather in Southeast Rajasthan is favourable for crop. However, higher water stagnation may damage the crops.

#### TECHNICALS:

Candlestick formation is showing bearish tone. Stochastic are in normal region. The % K line and % D line moving upwards to hinting somewhat up trend. MACD is showing short-term weakness in the market. Prices closed much below 9-day and 18-day EMA, indicating bearish trend. Overall technical picture is pointing towards a sideways trade.

#### OUTLOOK:

Guar seed is expected to trade upwards initially following a firm opening and some downward movement later. Weather conditions need to be closely watched before taking any trading decision.

#### NCDEX Guar Seed October Contract:



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1795	1810	1830	1880	1900
Guar Gum Sept	4621	4667	4725	4825	4871

#### INTRADAY TRADE RECOMMENDATION:

**BUY NCDEX- October Guar Seed** at 1820-1830 with **target** of 1855 then 1870 **Stop loss** at 1810.

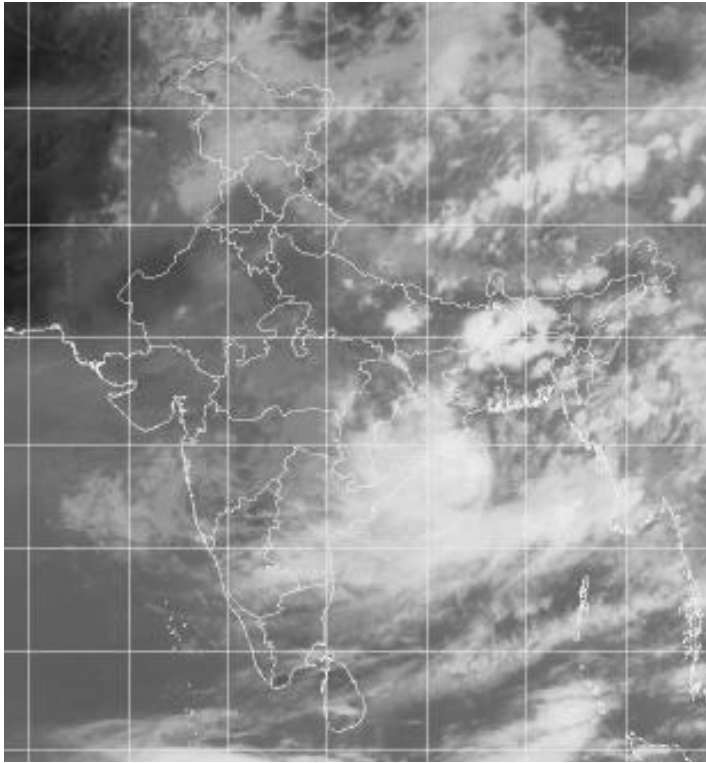
**BUY NCDEX- October Guar Gum** at 4690-4710 with **target** of 4750 then 4775 **Stop loss** at 4675.

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

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

Commodity	Centres	28.08.06	26.08.06	Change
Guar Seed	Bikaner	Closed	1760	-
	Jodhpur	Closed	1850	-
	Nokha	Closed	1720	-
	Sriganganagar	Closed	1720	-
Guar Gum	Jodhpur	Closed	4750	-

## SATELLITE PICTURE OF MONSOON PROGRESS (28.08.06)



## Monsoon Outlook (28.08.06)

- ✍ Yesterday's low pressure area over north Bay of Bengal off north Orissa & West Bengal coast persists and is well marked. The system may concentrate into a depression. Under its influence, widespread rainfall with scattered heavy to very heavy falls are likely over Orissa during next 48 hours. Isolated heavy to very heavy falls are also likely over West Bengal & Sikkim, Jharkhand, Bihar, East Uttar Pradesh, Chhattisgarh and north Coastal Andhra Pradesh during the same period.
- ✍ The axis of the monsoon trough at sea level passes through Ferozepur, Roorkee, Gonda, Gaya, Midnapore and centre of well marked low pressure area northwest Bay of Bengal in a day or two which may subsequently increase rainfall activity over Orissa and Gangetic West Bengal.

## Heavy Rainfall Warning:

- ✍ Heavy to very heavy falls are likely at a few places over Orissa during next 48 hours. Isolated heavy to very heavy falls are also likely over West Bengal & Sikkim, Chhattisgarh, Jharkhand, Bihar, East Uttar Pradesh and north Coastal Andhra Pradesh during the same period

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

- ✍ Decrease in rainfall activity over Orissa and Gangetic West Bengal.
- ✍ Increase in rainfall activity over West Madhya Pradesh and Gujarat Region

Source: GOI (IMD)

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