

GUAR DAILY

August 04, 2006

GUAR

SPOT MARKETS:

Guar prices at the physical markets remained steady to somewhat bullish on lower arrivals amidst good demand. Everybody related to guar closely monitoring the rainfall activity for further decision. According to the traders a good acreage of sowing yet to be done in the major guar producing belts. 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. The long-term outlook for guar still remains bullish owing to low carry over stock and good export demand.

FUTURES MARKETS:

Guar seed futures at the NCDEX traded with a sideways sentiment following a firm opening. However, increased buying interest at the lower levels supported the futures. Finally some selling pressure settled the futures at negative territory with marginal losses. Guar Seed August contract traded in the range of 1972-1999, while the most-active September contract fluctuated in the range of 2009-2039. Guar Gum August contact traded in the range of 5052-5150, while the most-active September contract fluctuated in the range of 5125-5188.

PRICE DRIVERS:

Bearish:

1. Anticipation of heavy rainfall over 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:

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

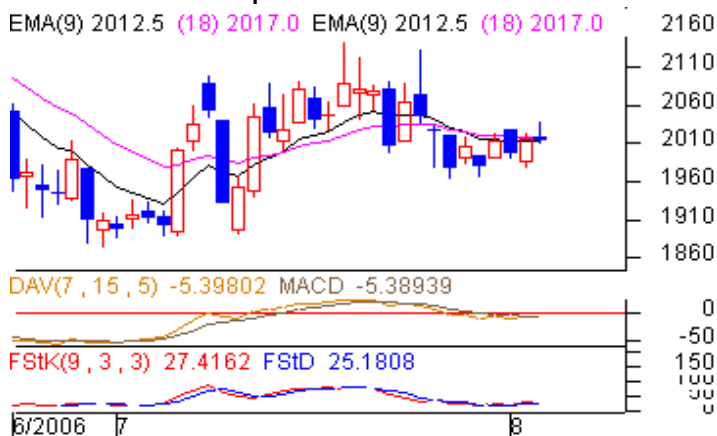
TECHNICALS:

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 downwards initially following a steady to weak opening and some upward 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	1988	1999	2013	2046	2060
Guar Gum Sept	5067	5080	5137	5221	5251

INTRADAY TRADE RECOMMENDATION:

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

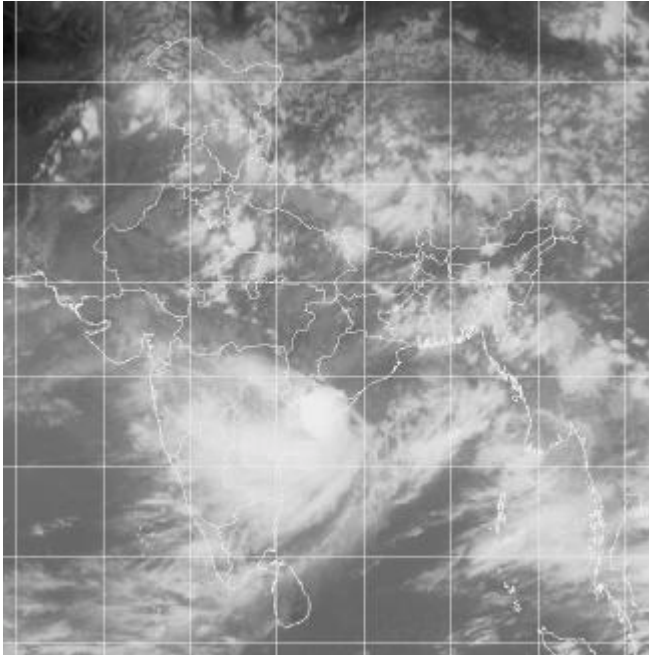
Buy NCDEX- September Guar Gum at 5100-5120 with **target** of 5160 then 5195 **Stop loss** at 5085.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	03.08.06	02.08.06	Change
Guar Seed	Bikaner	1910	1910	-
	Jodhpur	2030-2040	2025	+15
	Nokha	1890	1890	-
	Sriganganagar	1925	1915-1920	+5
Guar Gum	Jodhpur	5252	5252	-

SATELLITE PICTURE OF MONSOON PROGRESS (03.08.06)



ALL INDIA WEATHER FORECAST:

- ✍ Yesterday's deep depression over northwest Bay of Bengal centred about 50 Km east southeast of Paradip has crossed south Orissa coast between Puri and Gopalpur around 0830 IST hours of today. The system now lies centred over land near latitude 19.5° N and longitude 85.0° E about 50 km north-northeast of Gopalpur. The system is likely to move in a west-northwesterly direction.
- ✍ Under its influence, heavy to very heavy falls at a few places with isolated extremely heavy falls (more than 25 cm) likely over north Coastal Andhra Pradesh, south Orissa and south Chhattisgarh during next 24 hours. Squally winds speed reaching 50-60 KMPH is likely along and off south Orissa and north Coastal Andhra Pradesh during next 18 hours. Sea conditions will be rough to very rough. The fishermen are advised not to venture into the sea.
- ✍ The axis of monsoon trough at sea level passes through Bikaner, Sawai Madhopur, Jabalpur, Raipur, center of deep depression and thence southeastwards..

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 3rd 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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