

## GUAR DAILY

August 14, 2006

### GUAR

#### SPOT MARKETS:

Guar remained weak at the major physical markets during Saturday's trade. The market extended Friday's losses following report of rainfall over parts of guar producing areas in Rajasthan as well as Haryana that has raised the hope for better acreage under the crop. Moreover, the spillover weakness from the futures market has also kept the physical market under pressure. The IMD in a latest weather forecast report has mentioned possibility of heavy to very heavy rainfalls over southeast Rajasthan during next 48 hrs. Traders are eyeing the details of the damage of the crop in Gujarat due to heavy rainfall. Amidst such circumstances, guar is likely to trade with a bearish sentiment initially with possibility of late recovery.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a highly bearish sentiment at the weekend. The futures extended Friday's losses further and slide significantly through the session. Guar Seed August contract traded in the range of 1977-2013, while the most-active September contract fluctuated in the range of 1989-2043. Guar Gum August contact traded in the range of 4990-5120, while the most-active September contract fluctuated in the range of 5067-5195 during Saturday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Heavy to very heavy rainfalls is likely at a few places over southeast Rajasthan during next 48hrs
2. Rainfalls in guar producing areas of Rajasthan and Haryana

##### Bullish:

3. Anticipation of lower carry forward stocks
4. Good domestic as well as export demand

#### WEATHER IMPACT:

The coming few days is very vital for the crop as absent or inadequate rainfall may hamper the sowing activity and thus lead to lower production.

#### TECHNICALS:

Candlestick formation is showing highly bearish pattern. Stochastic are still moving upwards in normal region, hinting further uptrend. MACD is showing short-term weakness in the market. Prices closed below 9-day and 18-day EMA, indicating bearish trend. Overall technical picture is pointing towards a bearish trade.

#### OUTLOOK:

Guar seed is expected to trade downwards following a weak opening with possibility of late uptrend. 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	1939	1965	1995	2028	2054
Guar Gum Sept	4952	5005	5075	5140	5190

#### INTRADAY TRADE RECOMMENDATION:

**SELL** NCDEX- **September Guar Seed** at 1995-2000 with **target** of 1985 then 1975 **Stop loss** at 2012.

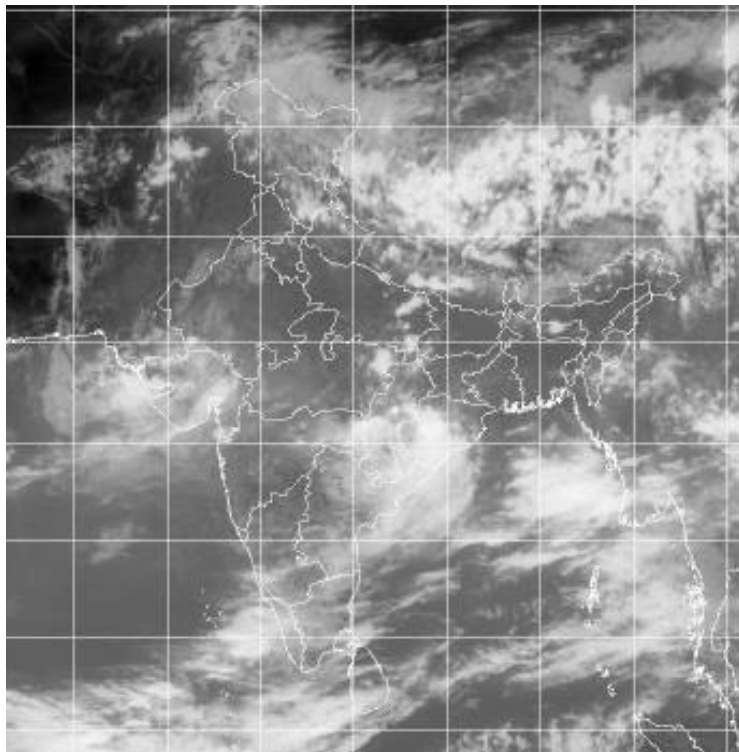
**SELL** NCDEX- **September Guar Gum** at 5070-5080 with **target** of 5050 then 5025 **Stop loss** at 5105.

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

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

Commodity	Centres	12.08.06	11.08.06	Change
Guar Seed	Bikaner	1900-1910	1920	-20.00
	Jodhpur	2000	2025	-25.00
	Nokha	1875	1890	-15.00
	Sriganganagar	1900	1900-1910	-
Guar Gum	Jodhpur	5200	5252	-52.00

## SATELLITE PICTURE OF MONSOON PROGRESS (12.08.06)



### Monsoon Outlook (12.08.06)

- Yesterday's well marked low pressure area over north Bay of Bengal off north Orissa-West Bengal coast has concentrated into a depression and lay centered at 0830 hrs of today near lat. 21.0° N/long 88.0° E around 100 km east-southeast of Balasore. The system is likely to move slowly in a west-northwesterly direction and cross north Orissa and adjoining West Bengal coast between Chandbali and Digha by tomorrow morning. Under its influence, widespread rainfall with heavy to very heavy falls at a few places and isolated extremely heavy falls ( $\geq 25$  cm) are likely over Orissa and north Coastal Andhra Pradesh during next 48 hours. Widespread rainfall with heavy to very heavy falls at a few places also likely over Gangetic West Bengal and south Chhattisgarh during the same period.
- Yesterday's well marked low pressure area over southwest Madhya Pradesh and neighbourhood now lies over southeast Rajasthan and adjoining southwest Madhya Pradesh. Widespread rainfall with heavy to very heavy falls at a few places is likely over Konkan & Goa, Gujarat region and southeast Rajasthan and isolated over southwest Madhya Pradesh and Saurashtra & Kutch during next 48 hours.

#### Heavy Rainfall Warning:

- Heavy to very heavy falls at a few places and isolated extremely heavy falls ( $\geq 25$  cm) are likely over Orissa and north Coastal Andhra Pradesh during next 48 hours. Heavy to very heavy falls at a few places also likely over Gangetic West Bengal. Squally winds with speed reaching 50-60 KMPH are likely along and off Orissa, West Bengal and north Andhra Pradesh coasts. The sea conditions will be rough to very rough. The fishermen are advised not to venture into the sea.
- Heavy to very heavy falls at a few places likely over south Chhattisgarh, Gujarat Region, southeast Rajasthan, Konkan & Goa(including Mumbai), Coastal Karnataka and Kerala and isolated over Southwest Madhya Pradesh and Saurashtra & Kutch.

#### Outlook for subsequent two days from 0830 hours IST of 15<sup>th</sup> August 2006 (Based on numerical weather products):

- Rainfall activity over coastal Orissa, Coastal Andhra Pradesh and Gangetic West Bengal is likely to decrease.
- Increase in rainfall activity is likely over central India, Konkan & Goa (including Mumbai) and rest Maharashtra.

Source: IMD

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