

GUAR DAILY

August 26th, 2006

GUAR

SPOT MARKETS:

The guar sentiment improved somewhat on the anticipation of crop loss. Some crop damage due to flood in Barmer and Jaisalmer were reported. According to some traders 10% loss of crops is already occurred. Some traders reported arrivals of new guar crops in coming month. The scarcity of rainfall also reported from some parts of Rajasthan. Overall a sentiment for long term is bullish on higher demand amidst lower production. However, IMD's prediction of rain/thundershowers are likely at a few places over Gujarat region and east Rajasthan may pressurized the sentiment. 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 bullish sentiment i following a firm opening. Increased buying interest at the lower level supported the futures. Guar Seed September contract traded in the range of 1792-1839, while October contract fluctuated in the range of 1804-1859. Guar Gum September contact traded in the range of 4615-4730, while the October contract fluctuated in the range of 4661-4780.

PRICE DRIVERS:

Bearish:

1. Anticipation of rainfall over East Rajasthan and Gujarat
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 bullish 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 some downwards initially following a firm opening and some upwards movement later. Weather conditions need to be closely watched before taking any trading decision.

NCDEX Guar Seed October Contract

EMA(9) 1866.5 (18) 1912.0 EMA(9) 1866.5 (18) 1912.0



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1804	1816	1846	1897	1912
Guar Gum Sept	4601	4675	4740	4840	4897

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- October Guar Seed at 1825-1835 with **target** of 1860 then 1875 **Stop loss** at 1815.

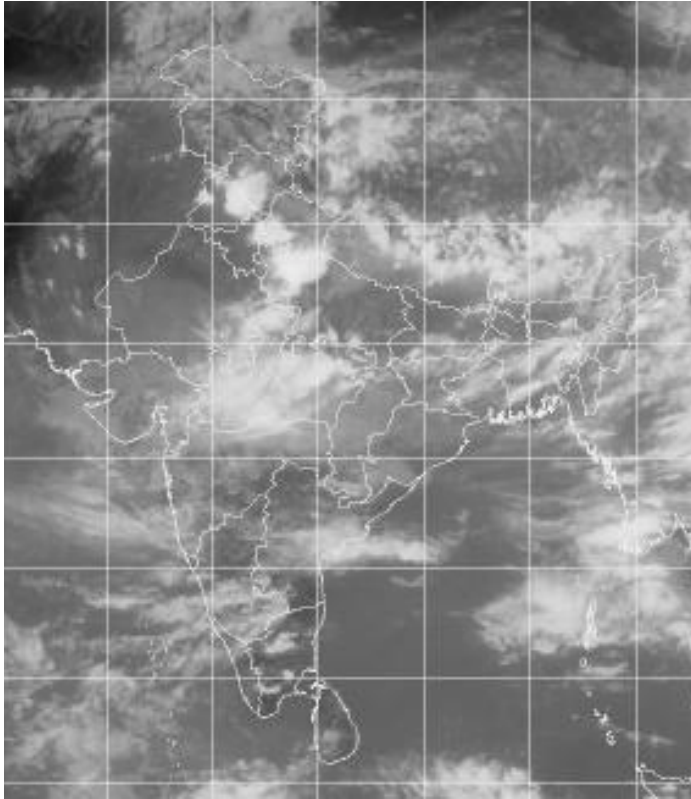
BUY NCDEX- October Guar Gum at 4700-4720 with **target** of 4760 then 4785 **Stop loss** at 4685.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	25.08.06	24.08.06	Change
Guar Seed	Bikaner	1760	1725-1750	+10
	Jodhpur	1830-1850	1790-1800	+40
	Nokha	1720	1690	+30
	Sriganganagar	1730	1710	+20
Guar Gum	Jodhpur	4750	4750	-

SATELLITE PICTURE OF MONSOON PROGRESS (24.08.06)



Monsoon Outlook (25.08.06)

- ✍ Yesterday's low pressure area over Jharkhand and neighbourhood persists. Under its influence, fairly widespread rainfall with isolated heavy falls are likely over interior Orissa, Jharkhand, Chhattisgarh, East Madhya Pradesh and Bihar during next 48 hours.
- ✍ The western end of the monsoon trough lies close to the foothills of Himalayas, however, the eastern end passes through Lucknow, Varanasi, Hazaribagh, Bankura and thence southeastwards into northeast Bay of Bengal.
- ✍ Numerical Weather Prediction models suggest formation of a fresh low pressure area over northwest Bay of Bengal around 27th. It is likely to increase rainfall activity initially over Orissa and Gangetic West Bengal.

Heavy Rainfall Warning:

- ✍ Isolated heavy falls are likely over interior Orissa, Jharkhand, Chhattisgarh, East Madhya Pradesh and Bihar during next 48 hours.

Outlook for subsequent two days:

- ✍ Increased rainfall activity over Orissa, Jharkhand, Chhattisgarh, East Madhya Pradesh and Bihar.

Source: **IMD**

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