

GUAR DAILY

September 05, 2006

GUAR

SPOT MARKETS:

Guar sentiments remained weak and traveled towards floor on the anticipation of higher production due to ongoing rains in Rajasthan. The arrivals of guar seed in some districts of Rajasthan is also supported the weakness. Moreover, the sharply bearish tone from the futures market has also supported the physical market sentiments. The market was under pressure on anticipation of a good harvest this season despite report of some crop damage in parts of guar producing states. However, the increase in production in other parts is likely to offset the damage. Rainfall is also needed during the coming week for better growth of the standing crop. However, the trade4rs are optimistic about recovery of guar sentiments in short term on good demand.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a bearish trade following a firm opening. Increased selling interest pressurized the futures and slid to much lower level. Finally the futures settled at negative territory with losses. Guar Seed September contract traded in the range of Rs. 1643-1715 per qtl, while the October contract moved in the range of Rs. 1653-1725 per qtl. Guar Gum September contract traded in the range of Rs. 4124-4401 per qtl, while the October contract moved in the range of Rs. 4166-4420 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production during this season
2. Isolated heavy to very heavy falls also likely over southeast Rajasthan

Bullish:

3. Good demand amidst expected lower carry forward stocks

WEATHER IMPACT:

Guar crop has received suitable rainfall in most of the growing regions. However, another spell of rainfall is necessary in the coming week for better growth of the

TECHNICALS:

Candlestick pattern is showing bearish opening. Stochastic is in oversold region and hinting bearish trend. MACD is in negative territory and indicating weakness in the market. Prices closed much below 9-day and 18-day EMA, indicating bearish trend. Expecting sideways trade.

OUTLOOK:

Guar seed is expected to trade downwards initially following a weak opening with possibility of some upward movement later.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Oct.	1625	1600	1653	1735	1750
Guar Gum Oct.	4110	4072	4171	4238	4300

INTRADAY TRADE RECOMMENDATION:

SELL NCDEX- October Guar Seed at 1705-1715 with target of 1680 then 1665 **Stop loss** at 1725.

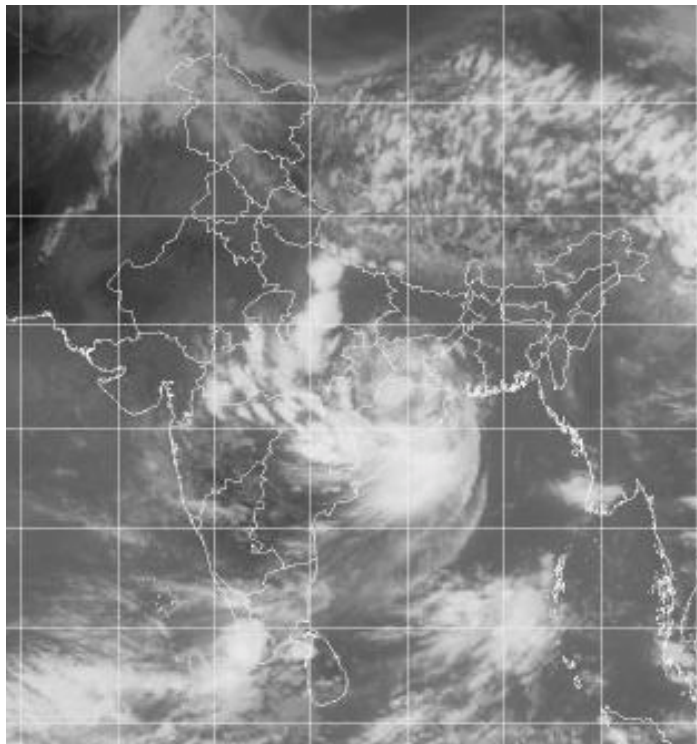
SELL NCDEX- October Guar Gum at 4190-4210 with target of 4150 then 4125 **Stop loss** at 4225.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.09.06	02.09.06	Change
Guar Seed	Bikaner	1620	1660	-40.00
	Jodhpur	1700	1760	-60.00
	Nokha	1580	1610	-30.00
	Sriganganagar	1600	1630	-30.00
Guar Gum	Jodhpur	4450-4500	4550	-100.00

SATELLITE PICTURE OF MONSOON PROGRESS (04.09.06)



Monsoon Outlook (04.09.06)

- The well marked low pressure area over north Bay of Bengal concentrated into a depression yesterday evening. Moving west-northwestwards, it crossed north Orissa coast near Chandbali around 0630 hrs IST of today morning. It lay at 0830 hrs IST of today over north Orissa with its centre to the west of Chandbali. The system is likely to move in a west-northwesterly direction.
- Under its influence, widespread rainfall with heavy to very heavy falls at a few places and isolated extremely heavy falls (25 cm or more) are likely over Orissa during next 24 hours. Widespread rainfall with heavy to very heavy falls at a few places are also likely over Gangetic West Bengal, Chhattisgarh, Jharkhand and north Coastal Andhra Pradesh during same period. Subsequently, enhanced rainfall belt is likely to extend into East Madhya Pradesh, north Telangana and Vidarbha.
- Squally winds with speed reaching 50-60 kmph are likely along and off Orissa, West Bengal and north Andhra coasts during next 12 hours. The sea condition will be rough to very rough along and off Orissa-West Bengal and north Andhra coasts during same period. The fishermen are advised not to venture into sea.

Heavy Rainfall Warning:

Heavy to very heavy falls at a few places and isolated extremely heavy falls (25 cm or more) are likely over Orissa during next 24 hours. Heavy to very heavy falls are also likely at a few places over Gangetic West Bengal, Jharkhand, Chhattisgarh and north Coastal Andhra Pradesh during same period.

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

- ✍ Decrease in rainfall activity over east India.
- ✍ Increase in rainfall activity over Gujarat Region and southeast Rajasthan.

Source: GOI (IMD)

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