

GUAR DAILY

September 08, 2006

GUAR

SPOT MARKETS:

Guar sentiment improves somewhat from the early weakness on increased buying support in the futures market. The guar seed as well as guar gum offered somewhat higher in major markets but the anticipation of higher production limited the market activity to some extent. The good demand from millers is witnessed in the lower price levels. The export of guar gum remained steady. However, the arrivals of guar seed in some districts of Rajasthan as well as favourable weather condition is pressurizing the sentiments. Rainfall is also needed during the coming week for better growth of the standing crop. However, the traders 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 initially following a weak opening. However, covering short position lifted the futures and traded upwards thereafter. Finally the futures settled at positive territory. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1611-1665 per qtl, while the most active October contract moved in the range of Rs. 1621-1684 per qtl. At the NCDEX, Guar Gum September contract traded in the range of Rs. 4115-4250 per qtl, while the most active October contract moved in the range of Rs. 4153-4313 per qtl.

PRICE DRIVERS:

Bearish:

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

Bullish:

3. Good demand amidst expected lower carry forward stocks
4. Some bullish sentiment in futures market

WEATHER IMPACT:

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

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	07.09.06	06.09.06	Change
Guar Seed	Bikaner	1590	1580	+10.00
	Jodhpur	1680-1685	1660	+25.00
	Nokha	1570	1550	+20.00
	Sriganganagar	1560	1540	+20.00
Guar Gum	Jodhpur	4320	4300	+20.00

TECHNICALS:

Candlestick pattern is showing firm opening. Stochastic is in oversold region and moving slightly upwards. MACD is in negative territory and moving slightly upwards. Prices closed below 9-day and 18-day EMA, indicating trend reversal.

OUTLOOK:

Guar seed is expected to trade upwards initially following a firm opening with possibility of some downward movement later.

NCDEX Guar Seed October Contract:



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Oct.	1620	1631	1666	1702	1722
Guar Gum Oct.	4150	4200	4266	4360	4395

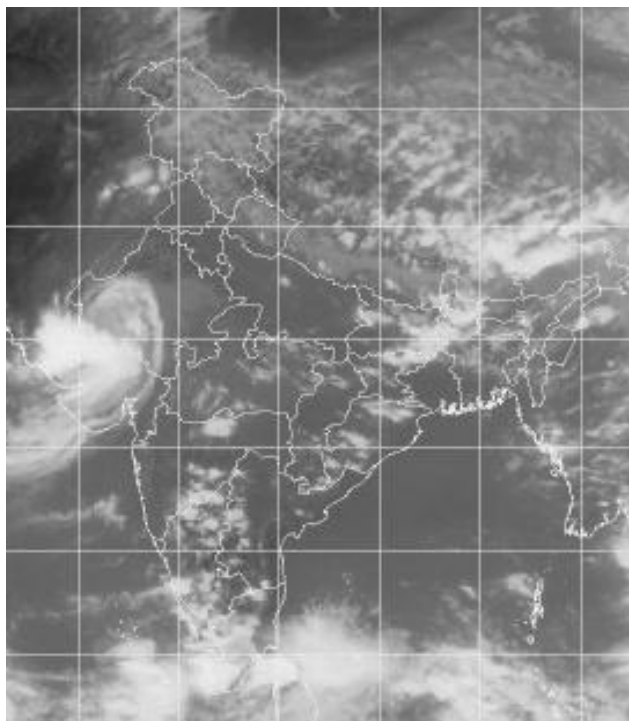
INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- October Guar Seed at 1650-1660 with **target** of 1685 then 1700 **Stop loss** at 1640.

BUYL NCDEX- October Guar Gum at 4230-4250 with **target** of 4300 then 4325 **Stop loss** at 4215.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (07.09.06)



Monsoon Outlook (07.09.06)

- ✍ Yesterday's well marked low pressure area over West Madhya Pradesh and adjoining southeast Rajasthan lies today morning over south Rajasthan and adjoining Gujarat. The system is likely to move in a west-northwesterly direction and weaken further. Under its influence, fairly widespread rainfall with isolated heavy to very heavy falls are likely over north Gujarat Region, Kutch area and south Rajasthan during next 1-2 days.
- ✍ An upper air cyclonic circulation has formed over Tamil Nadu & neighbourhood and is likely to cause fairly widespread rainfall with isolated heavy falls over extreme south peninsula during next 2-3 days.

Heavy Rainfall Warning:

- ✍ Isolated heavy to very heavy falls are likely over north Gujarat region, Kutch area and south Rajasthan. Isolated heavy falls also likely over Tamil Nadu & Pondicherry, Kerala and Lakshadweep during next 2-3 days.

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

- ✍ Decrease in rainfall activity likely over Gujarat & south Rajasthan.
- ✍ Increase in rainfall activity over East Uttar Pradesh, Bihar, Sub-Himalayan West Bengal & Sikkim and northeastern States.
- ✍ Fairly widespread rainfall activity likely to continue over extreme south peninsula.

Source: GOI (IMD)

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