

GUAR DAILY

September 12, 2006

GUAR

SPOT MARKETS:

Guar prices improve somewhat from early plunged in the spot market on the direction of bullish tone of futures market. The rainfall within next few days is very important for crop growth. Lack of rain mainly in Churu, Nagar, Bikaner districts may cause some harm on the crops. However, it is expected that total output likely to increase this year as compared to last year due to the good crops in Sriganganagar, Bermer. The good demand has witnessed in the spot market. The coming sentiment of guar to a great extent depends on the rainfall of coming fortnight. The traders are optimistic of rising guar prices in coming futures.

FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a bullish trade following a firm opening. Increased buying interest lifted the futures. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1617-1687 per qtl, while the most active October contract moved in the range of Rs. 1629-1704 per qtl. Guar Gum September contract traded in the range of Rs. 4140-4285 per qtl, while the most active October contract moved in the range of Rs. 4185-4360 per qtl.

PRICE DRIVERS:

Bearish:

1. Anticipation of higher production

Bullish:

2. Good demand amidst expected lower carry forward stocks
3. Bullish sentiments in futures market
4. Lack of rainfall within 10 days may affect the crops

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 the standing crop.

TECHNICALS:

Candlestick pattern is showing bullish tone and firm opening. Stochastic is in oversold region and moving upwards. MACD is in negative territory and moving upwards. Prices closed above 9-day and just below the 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.	1648	1678	1700	1759	1776
Guar Gum Oct.	4227	4280	4340	4451	4500

INTRADAY TRADE RECOMMENDATION:

BUY NCDEX- October Guar Seed at 1690-1700 with **target** of 1725 then 1740 **Stop loss** at 1680.

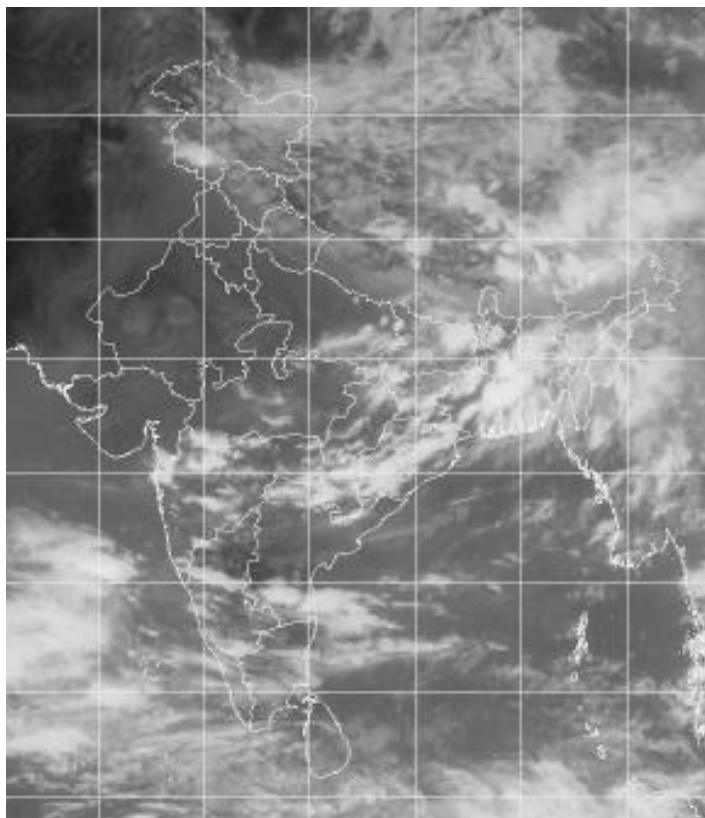
BUY NCDEX- October Guar Gum at 4320-4340 with **target** of 4370 then 4390 **Stop loss** at 4310.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	11.09.06	09.09.06	Change
Guar Seed	Bikaner	1600	1570	+30.00
	Jodhpur	1715	1675	+40.00
	Nokha	1580	1560	+20.00
	Sriganganagar	1590	1550	+40.00
Guar Gum	Jodhpur	4420	4280	+140.00

SATELLITE PICTURE OF MONSOON PROGRESS (11.09.06)



Monsoon Outlook (11.09.06)

- ✍ During past 24 hours, fairly widespread rainfall has occurred over northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar, Kerala and Lakshadweep. The current meteorological analysis suggests that fairly widespread rainfall activity is likely to continue over the above regions during next 2-3 days.
- ✍ Numerical Weather Prediction Models suggest formation of an upper air cyclonic circulation over westcentral Bay of Bengal around 13th, which may develop into a low pressure area subsequently. Under its influence, fairly widespread rainfall with isolated heavy falls are likely over Coastal Andhra Pradesh and Rayalaseema from 13th onwards.

Heavy Rainfall Warning:

- ✍ Isolated heavy rain falls are likely over Arunachal Pradesh, Assam & Meghalaya, Sub-Himalayan West Bengal & Sikkim, Bihar, Kerala and Lakshadweep.

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

- ✍ Enhanced rainfall activity is likely to continue over Andhra Pradesh, northeastern States, Sub-Himalayan West Bengal & Sikkim and Bihar.

Source: GOI (IMD)

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