

## GUAR DAILY

September 14, 2006

### GUAR

#### SPOT MARKETS:

Sharply bullish tone in futures market directed the spot market prices to offer higher as compared to previous day. IMD's prediction of dry weather likely to prevail in Rajasthan and Gujarat motivated the buyers' interest. Early assumption of higher production might be restricted somewhat on long spell of dryness onwards in the guar growing belts. Lack of rain mainly in Churu, Nagar, Bikaner districts may cause some harm on the crops. The good demand has witnessed in the spot market as well as from China. Traders are optimistic that the spot prices would increase. The coming sentiment of guar to a great extent depends on the rainfall of coming fortnight.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed a bullish trade following a weak opening. Increased buying interest on the anticipation of no rains supported the futures and traded upwards. Finally the futures settled higher near day's high with some gains. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1652-1710 per qtl, while the most active October contract moved in the range of Rs. 1664-1735 per qtl. Guar Gum September contract traded in the range of Rs. 4185-4370 per qtl, while the most active October contract moved in the range of Rs. 4212-4459 per qtl.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of higher production

##### Bullish:

2. Good demand amidst expected lower carry forward stocks
3. Good export demand from China
4. Mainly dry weather likely to prevail in Rajasthan and Gujrat

#### 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

#### TECHNICALS:

Candlestick pattern is showing firm opening. Stochastic is in normal region and moving upwards. MACD is in negative territory and moving upwards. Prices closed above 9-day and 18-day EMA. Indicating upward trading.

#### 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.	1685	1702	1726	1779	1802
Guar Gum Oct.	4332	4374	4429	4540	4600

#### INTRADAY TRADE RECOMMENDATION:

**BUY NCDEX- October Guar Seed** at 1715-1725 with target of 1750 then 1665 **Stop loss** at 1705.

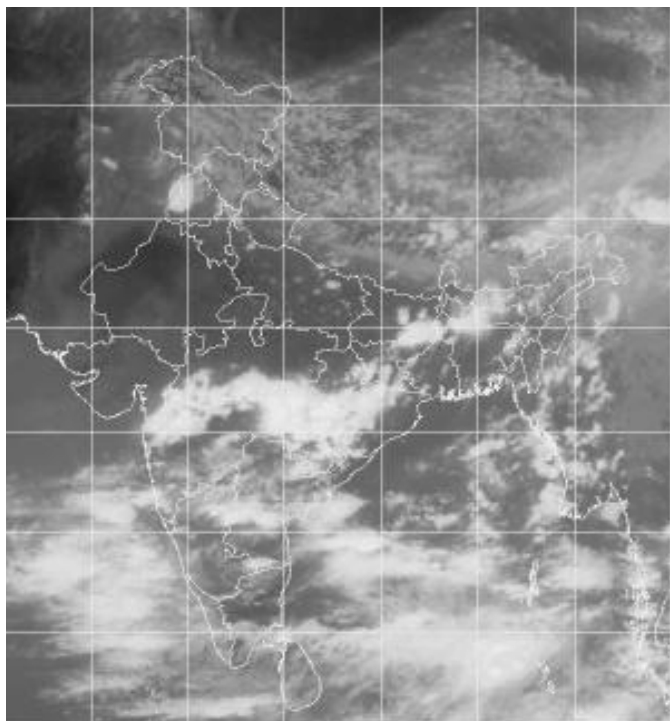
**BUY NCDEX- October Guar Gum** at 4400-4420 with target of 4460 then 4485 **Stop loss** at 4385.

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

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

Commodity	Centres	13.09.06	12.09.06	Change
Guar Seed	Bikaner	1650	1590-1600	+50.00
	Jodhpur	1730	1700-1715	+15.00
	Nokha	1630	1580	+50.00
	Sriganganagar	1650	1590	+60.00
Guar Gum	Jodhpur	4450	4400-4420	+30.00

## SATELLITE PICTURE OF MONSOON PROGRESS (13.09.06)



### Monsoon Outlook (13.09.06)

- ✍ As was predicted, rainfall activity remained confined mainly to northeastern States and south Peninsula during past 24 hours. Isolated heavy to very heavy falls also occurred over Assam & Meghalaya and Kerala. The current rainfall scenario over northeastern States is likely to continue for next 2-3 days.
- ✍ Under the influence of an active east-west shear zone, the ongoing rainfall activity over Kerala & Coastal Karnataka is likely to continue and increase over Andhra Pradesh, Tamil Nadu, Interior Karnataka and also over interior Maharashtra during next 3-4 days.

### Heavy Rainfall Warning:

- ✍ Isolated heavy to very heavy falls are likely over northeastern States, Sub-Himalayan West Bengal & Sikkim, Coastal Karnataka, Kerala, Lakshadweep and Andaman & Nicobar Islands

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

- ✍ Enhanced rainfall activity is likely to continue over northeastern States and Sub-Himalayan West Bengal & Sikkim.
- ✍ Scattered to fairly widespread rainfall are also likely over south peninsula and Maharashtra.

**Source:** GOI (IMD)

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