

## GUAR DAILY

October 20<sup>th</sup>, 2006

### GUAR

#### SPOT MARKETS:

Guar sentiments remained steady to down on continuous flow of fresh arrivals. The arrival is reportedly 60000-75000 bags in all over India during Thursday. The arrival is somewhat lower as comparison to previous day due to festive season. Increased sellers activity at the futures is also supported the downward tone. The major stockiest of the commodity are more interested to hedge the commodity against the exchanges rather to marketing at spot. The disparity between the price of guar seed and guar gum led many numbers of mills to close. The fresh arrivals are enjoying mostly the Sriganganagar district of Rajasthan and Haryana. At Jodhpur market the harvesting would be some later part around November. The sentiment might be in pressure further with the peak arrivals likely from the coming week.

#### FUTURES MARKETS:

Guar seed futures at the NCDEX witnessed sharply downwards trade following a weak opening. Increased selling interest at higher levels slid down the futures and settled red. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1905-1950 per qtl, while the most active December contract moved in the range of Rs. 1950-1996 per qtl. Guar Gum November contract traded in the range of Rs. 4873-4978 per qtl, while the most active December contract moved in the range of Rs. 4976-5104 per qtl.

#### PRICE DRIVERS:

##### Bearish:

1. Anticipation of higher production about 75-80 lakh bags as against last year 50-55 l. bags
2. Fresh arrivals around 60000-75000 bags in all over India
3. Sharply bearish tone at futures market

##### Bullish:

4. Good domestic demand

#### WEATHER IMPACT:

Crop has reached to maturity stage in majority of the growing areas. However, very dry weather as well as dry wind may harm the crops.

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

Commodity	Centres	19.10.06	18.10.06	Change
Guar Seed	Bikaner	1860	1860	-
	Jodhpur	1940-1950	1940-1960	-
	Nokha	1830	1850	-20.00
	Sriganganagar	1840	1850	-10.00
Guar Gum	Jodhpur	5050-5070	5070-5100	-20.00

#### TECHNICALS:

Candlestick pattern is indicating bearish sentiment. Stochastic is in normal region. % K line after crossing %D line from the above moving downwards. MACD is in positive territory and moving downwards. Prices closed in between 9-day and 18-day EMA. Indicating bearish sentiments.

#### OUTLOOK:

Guar seed is likely to trade slightly upwards following a steady to firm opening and downward movement later.

#### NCDEX Guar Seed December Contract:



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Dec.	1908	1915	1968	2005	2027
Guar Gum Dec.	4843	4887	5000	5080	5109

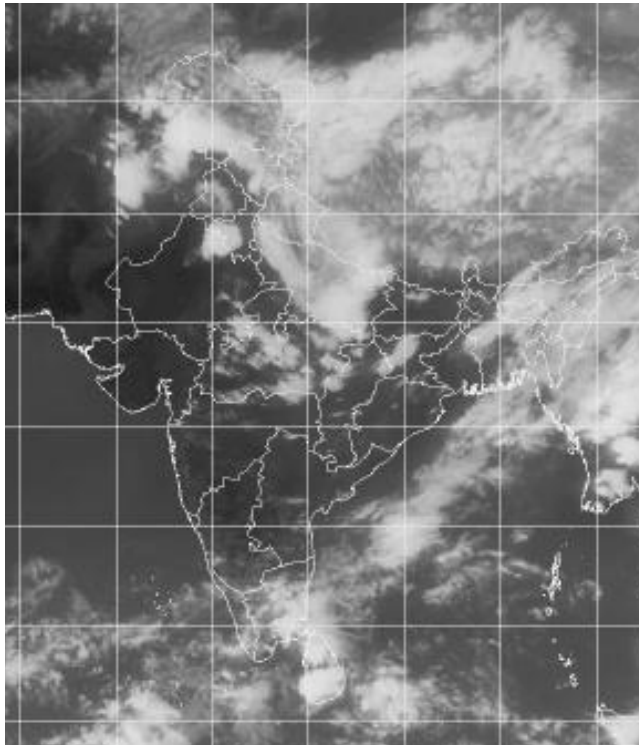
#### INTRADAY TRADE RECOMMENDATION:

**SELL** NCDEX- December Guar Seed above 1980-1990 with target of 1955 then 1940 **Stop loss** at 2000.

**SELL** NCDEX- December Guar Gum above 5030-5050 with target of 4980 then 4950 **Stop loss** at 5070.

Do not carry forward the position until the next day.

## SATELLITE PICTURE OF MONSOON PROGRESS (19.10.06)



### Monsoon Outlook (19.10.06)

- The northeast monsoon rainfall has commenced over Tamil Nadu, Kerala and adjoining parts of Karnataka & Andhra Pradesh.
- Under the influence of a western disturbance, scattered rainfall is likely over Western Himalayan region and plains of northwest India during next 1-2 days.

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

- Scattered rainfall activity is likely to continue over south peninsula.

Source: GOI (IMD)

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