



NCDEX Guar seed Dec Futures are at 6552 (as on 15-12-2011)

While, technically analyzing Guar seed NCDEX daily chart, we found that the chart is quoting perfect example of gap theory. Theoretically, gap represents an area where no trading takes place. There are many areas in guar seed chart where no trading took place. And, all 4 types of gaps are witnessed in the guar seed chart (i.e. Common Gaps, Breakaway gaps, Run away Gaps and Exhaustion Gaps). During the consolidation formation there were many common gaps witnessed in the chart (shown above). Then, after a small consolidation pattern there is a breakaway gap. We call third type of gap as a runaway gap as it is formed usually in the half way of a price move. We have also seen, exhaustion gap in the chart above as this gap is associated with a rapid, straight-line advance and volume declining at this stage this is indicating that the market is exhausted and prevailing trend is at halt. Other momentum indicators

like RSI (14) which is trading at 0.81 is signaling overbought mode and **correction is possible at any point of time.**

Support level in the chart is seen at 5940 & 5560 (23.6% & 38.2% Fibonacci retracement of the range 3953-6552).

We cannot straight away recommend a sell call at this juncture but still we can expect a trend reversal point here if market sustains below 6420. Those who wish can go short below 6420 for the given support levels as target. Or else if market sustains above then it may test the resistance level of 6900 and 7200.

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