

GUAR DAILY

July 27, 2006

GUAR

SPOT MARKETS:

At the physical markets guar extended previous weakness further and quoted much lower during the morning session of trade. However, sellers were away at such lower levels and consequently prices improved a bit during the later half of trade amidst good demand. According to a latest IMD report, rain/thundershowers are likely at many places over Rajasthan. Rainfall at this time is desirable as it would help in sowing of guar that requires 2-3 inches of rainfall at the time of sowing. However, the long-term outlook for guar remains firm eyeing the lower carry forward stock and likely below normal rainfall. Consequently, buyers remain active at the lower price tags.

FUTURES MARKETS:

Guar futures at the NCDEX extended previous weakness further during Wednesday's trade. The futures opened lower than previous settle and traded downwards thereafter. Increased speculative selling interest has pressurised the futures through mid-session. However, increased buying support at the lower levels pared some most of the losses in final action. Guar Seed August contract traded in the range of 1942-1994, while the most-active September contract fluctuated in the range of 1977-2034. Guar Gum August contract traded in the range of 4975-5100, while the most-active September contract fluctuated in the range of 5046-5200 during Wednesday's trade.

PRICE DRIVERS:

Bearish:

1. Rain/thundershowers are likely at many places over Rajasthan
2. Reports of rainfall over guar producing areas

Bullish:

3. Lower carry forward stock
4. Long range weather forecast suggests below normal monsoon this year

WEATHER IMPACT:

Rain/thundershowers are likely at many places over Rajasthan. Rainfall at present would help in the sowing of guar.

TECHNICALS:

Candlestick pattern indicates bullish trend reversal. %K-line along with %D-line moving downwards in normal region, hinting further downtrend. MACD showing short-term strength in the market. Prices closed below 9-day and 18-day EMA, indicating short-term uptrend. Overall technical picture is pointing towards an upward technical correction.

OUTLOOK:

Guar seed as well as guar gum is expected to trade upwards following a steady to firm opening with possibility of late downward movement. Weather conditions need to be closely watched.

NCDEX September Contract



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1969	1998	2026	2088	2124
Guar Gum Sept	5022	5102	5179	5343	5418

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- September Guar Seed at 2025-2035 with **target** of 2050, and then 2065 **Stop loss** at 2005.

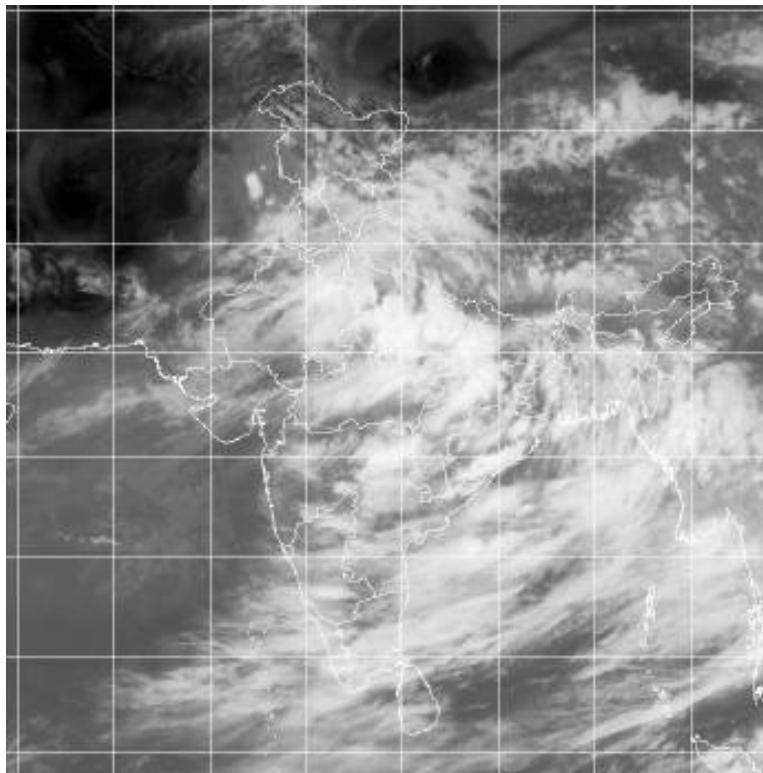
Buy NCDEX- September Guar Gum at 5175-5200 with **target** of 5250 then 5275 **Stop loss** at 5125.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	26.07.06	25.07.06	Change
Guar Seed	Bikaner	1915	1930	-15
	Jodhpur	2040	2060	-20
	Nokha	1880	1890-1900	-20
	Sriganganagar	1925	1940	-15
Guar Gum	Jodhpur	5250	5304	-54

SATELLITE PICTURE OF MONSOON PROGRESS (26.07.06)



ALL INDIA WEATHER FORECAST:

- During past 24 hours widespread rainfall has occurred along the foothills of Himalayas and Indo-Gangetic Plains with heavy to very heavy falls over Himachal Pradesh, Uttaranchal and Haryana. Fairly widespread rainfall also occurred over East Rajasthan, Andhra Pradesh and along the west coast. Ongoing rainfall activity is likely to continue over Western Himalayan Region and Indo-Gangetic Plains upto 29th and decrease thereafter.
- The axis of monsoon trough passes through Anupgarh, Agra, Varanasi, Dhanbad, Hazaribagh, Sagar Islands and thence southeastwards.
- Numerical weather prediction model continue to suggest formation of a low pressure area over northwest Bay of Bengal around 28th which is likely to become more marked and increase the rainfall activity over Orissa, Gangetic West Bengal, Jharkhand, Chhattisgarh and Vidarbha from 28th onwards
- Rain/thundershowers are likely at many places over Rajasthan and Konkan & Goa and at a few places over the rest region.

Heavy Rainfall Warning

- Heavy to very heavy falls at a few places likely over Jammu division of Jammu & Kashmir, Himachal Pradesh, Uttaranchal, Haryana, Chandigarh & Delhi and Punjab. Isolated heavy falls also likely over northeastern States, East Rajasthan, Uttar Pradesh, Bihar and Sub-Himalayan West Bengal & Sikkim.

Outlook for subsequent two days from 0830 hours IST of 29th July 2006 (Based on numerical weather products):

- Enhance rainfall activity over the east & adjoining central India. Decrease in rainfall activity likely along the foot hills of Himalayas, Indo-Gangetic plains and northeastern states. Increase in rainfall activity along the west coast.

Source: **IMD**

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