

GUAR DAILY

July 08, 2006

GUAR

SPOT MARKETS:

The guar prices remained firm in different domestic market on good demand amidst meagre arrivals. Moreover, bullish nature of futures market is also underpinning the physical market tone. The weakening of S.W. monsoon progress increased the buying interest of the players of guar market. There is a talk in market that 25-30 lac tonne Guar seed and 25,000 tonne of Guar Gum is kept, as stock all over the India and which is enough up to October of this year only. Monsoon will play a crucial role in deciding the sentiments of upcoming market Favourable monsoon activity would lead to prevail bearish tone at market in coming future. However, the traders are optimistic of further increase in prices for the next of couples of days on good demand amidst meagre arrivals.

FUTURES MARKETS:

The guar futures at the NCDEX witnessed some upwards trade initially following a firm opening. Increased speculative buying reached the futures at some higher level. However, profit-booking interest at the higher levels capped some of the early advances thereafter. Finally the futures settled higher with some gains. The July contract traded in the range of 1910-1959, while the August contract fluctuated in the range of 1955-2010. The July contract for guar gum traded in the range of Rs. 4960-5045 while the August contract fluctuated in the range of 5030-5145 during Friday's trade.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity

Bullish:

2. Decreasing arrivals
3. Lower carry forward stocks
4. Bullish tone of futures market
5. Poor advancement of S.W. monsoon.

Weather:

Progress of rainfall in the coming weeks is crucial for the crop. Any shortfall of rain in the coming week may delay guar seed sowing.

TECHNICALS:

The candlesticks showing bullish tone. The stochastic is bullish and moving upwards to overbought region. The MACD along with its EMA moving upwards, showing strength at medium term.

OUTLOOK:

The prices of guar seed as well as guar gum are expected to move upwards initially following a steady to firm opening with possibility of some downward movement later.

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed Aug.	1947	1928	1987	2048	2100
Guar gum Aug.	5008	4962	5080	5162	5208

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- August Guar Seed near 1950-1960 with target of 2005, and then 2030 Stop loss at 1930.

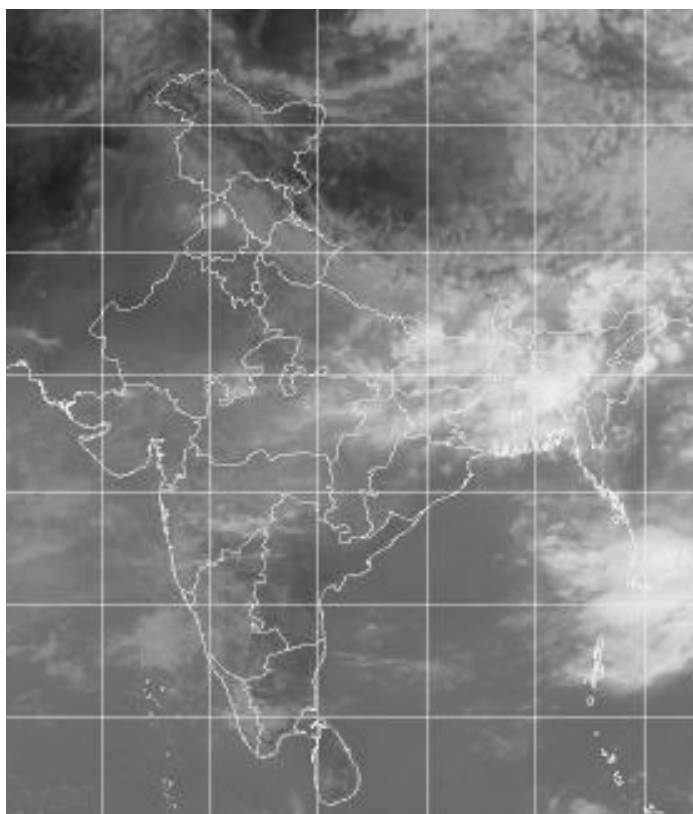
Buy NCDEX- August Guar Gum near 5040-5060 with target of 5110 then 5140 Stop loss at 5020.

Do not carry forward the position until the next day.

Guar Prices at Major Markets in Rajasthan:

Commodity	Centres	07.07.06	06.07.06	Change
Guar Seed	Bikaner	1850	1830	+20
	Jodhpur	2000	1980	+20
	Nokha	1840	1830	+10
	Sriganganagar	1885	1855	+30
Guar Gum	Jodhpur	5100-5150	4800	+150

Satellite Picture of Monsoon Progress (07.07.06)



Source: IMD

- ✍ The feeble low pressure area over south Rajasthan has become less marked. The seasonal trough has shifted close to foothills of Himalayas. Under this scenario rainfall activity is likely to remain subdued over many parts of the country except over northeastern states, Sub-Himalayan West Bengal & Sikkim, Bihar and adjoining foothills of central Himalayas where it is likely to enhance during next 4-5 days.
- ✍ Heavy to very heavy falls are likely at a few places over northeastern states, Sub-Himalayan West Bengal & Sikkim, Bihar and adjoining foothills of Himalayas during next 4-5 days.

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