

GUAR DAILY

July 19, 2006

GUAR

SPOT MARKETS:

At the physical markets guar witnessed a range bound trade with a firm undertone during Tuesday's trade. The market remained under pressure on forecast of rainfall over East Rajasthan and northwest India during next 2-3 days. However, talks of inadequate rain so far has supported the prices that registered some losses during early trade. The market sentiment is now totally governed by the climatic factors, as traders are closely eyeing the minute details of SW monsoon. Guar is highly water sensitive crop and requires 8-15 inches of rainfall in 3-4 spells during the entire crop cycle. Normally, it requires 1-2 spell of rain before sowing of the crop that usually starts during mid-July to early-August.

FUTURES MARKETS:

Guar futures at the NCDEX opened higher than previous settle and traded slightly downwards initially. However, some buying interest at the lower levels supported the futures thereafter and the futures finished the day with some gains. Guar Seed July contract traded in the range of 1955-1985, while the August contract fluctuated in the range of 1985-2023. Guar Gum July contract traded in the range of 5010-5082, while the August contract fluctuated in the range of 5075-5149 during Tuesday's trade.

PRICE DRIVERS:

Bearish:

1. Rainfall activity may increase over East Rajasthan and northwest India during next 2-3 days

Bullish:

2. Lower carry forward stocks
3. Long range weather forecast suggests below normal monsoon this year

WEATHER IMPACT:

Rainfall activity may increase over East Rajasthan and northwest India during next 2-3 days. Rainfall at this time would help in the sowing of guar crops.

TECHNICALS:

Candlestick pattern indicates indecision in the market. Stochastic is still moving upwards in the normal region, hinting further uptrend. MACD showing short-term strength. Overall technical picture is pointing towards a range bound trade.

OUTLOOK:

Guar seed as well as guar gum is expected to trade moderately upwards initially following a steady to firm opening and downward thereafter. Weather conditions need to be closely watched.

NCDEX August Contract

Guarseeds 0608(NCGUAG6)2006/07/18 - Daily B:2005.00 A:2006.00
O 2005.00 H 2022.00 L 1985.00 C 2007.00 V 187,570 I 94,020 +7
EMA(9) 1983.5 (18) 1971.8



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Aug	1922	1952	2007	2058	2088
Guar Gum Aug	4942	5000	5115	5224	5300

INTRADAY TRADE RECOMMENDATION:

Sell NCDEX- August Guar Seed above 2025 with **target** of 1995, and then 1985 **Stop loss** at 2045.

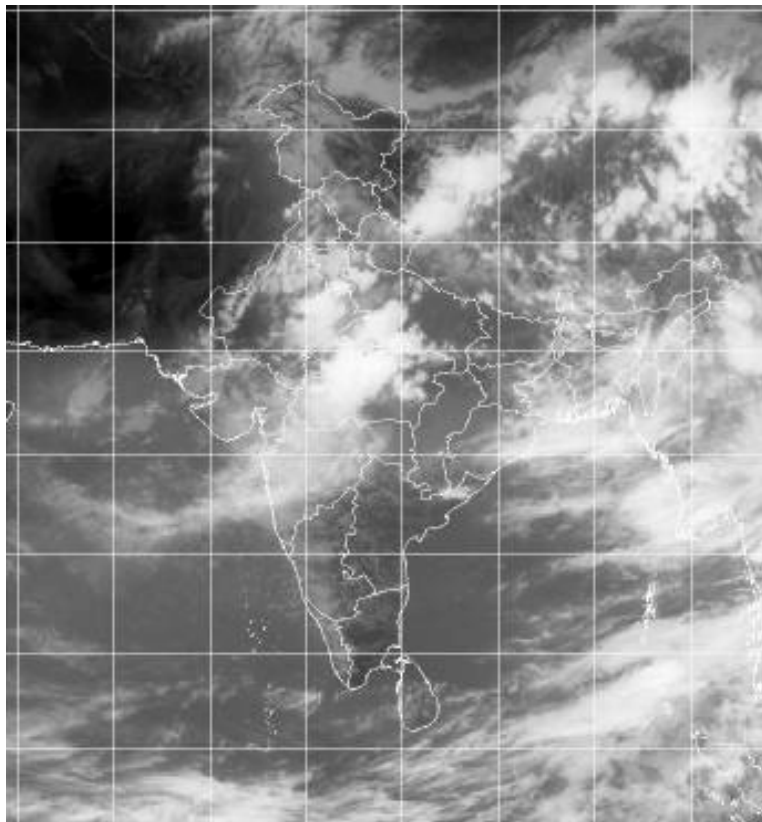
Sell NCDEX- August Guar Gum near 5160 with **target** of 5100 then 5080 **Stop loss** at 5200.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	18.07.06	17.07.06	Change
Guar Seed	Bikaner	1920	1910	+10
	Jodhpur	2025	2010	+15
	Nokha	1892	1870	+22
	Sriganganagar	1900	1875	+25
Guar Gum	Jodhpur	5200	5175	+25

SATELLITE PICTURE OF MONSOON PROGRESS (18.07.06)



ALL INDIA WEATHER FORECAST:

Under the influence of the low pressure area over Jharkhand and adjoining southeast Uttar Pradesh, fairly widespread rains have occurred over Jharkhand, Chhattisgarh, East Madhya Pradesh and Vidarbha. As the system is likely to move slowly in a west-northwesterly direction, fairly widespread rains with heavy to very heavy falls are likely over Vidarbha, Chhattisgarh, Madhya Pradesh and adjoining Maharashtra. The rainfall activity over West Madhya Pradesh, East Rajasthan, Konkan & Goa including Mumbai, Madhya Maharashtra and Gujarat is likely to increase during next 2-3 days.

The axis of the seasonal trough passes through Anupgarh, Churu, Agra, Kanpur, center of the above low pressure area and thence southeastwards. Under its influence scattered to fairly widespread rains are likely over northwest India.

Fairly widespread rains with isolated heavy to very heavy falls are also likely over northeastern States during next 2-3 days.

Heavy Rainfall Warning

Heavy to very heavy rainfall is likely **at a few places** over Madhya Pradesh, Vidarbha and northeastern States.

Isolated heavy to very heavy falls also likely over Konkan & Goa, Madhya Maharashtra, Marathawada, and Andaman & Nicobar Islands, Uttaranchal, south Haryana and Delhi.

Outlook for subsequent two days from 21st July 2006 (Based on numerical weather products):

Fairly widespread rainfall likely to continue over Maharashtra and central & northwest India.

Source: IMD

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