

GUAR DAILY

July 15, 2006

GUAR

SPOT MARKETS:

At the physical markets guar continues to trade with a stable sentiment amidst inadequacy of rainfall in the major guar-producing belt of Rajasthan. Despite some upward trade at the futures market initially, there was no significant change at the physical markets. Traders are expecting rise in guar prices following inadequacy of rain at the major guar producing area so far, which can delay the process of sowing. 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 lower than previous settle and traded moderately downward initially. Increased buying interest at the lower levels supported the futures thereafter and the futures retraced back again. However, profit taking curbed most of the gains and the futures managed to finish with marginal gain in final action. Guar Seed July contract traded in the range of 1945-1999, while the August contract fluctuated in the range of 1958-2030. Guar Gum July contract traded in the range of 5015-5091, while the August contract fluctuated in the range of 5065-5171 during Friday's trade.

PRICE DRIVERS:

Bearish:

1. Rain and thundershowers are likely at a few places over Rajasthan
2. Profit taking at the futures market

Bullish:

3. Talks of inadequate rain for sowing of guar
4. Lower carry forward stocks
5. Long range weather forecast suggests below normal monsoon this year

WEATHER:

Rain and thundershowers are likely at a few places over Rajasthan. Rainfall at this time would help in sowing of guar crops.

TECHNICALS:

Candlestick pattern is slightly bearish, indicating weak opening. Stochastic has made a bullish crossover in the normal region. MACD indicates medium-term weakness in the market. Overall technical picture is pointing towards a range bound trade.

OUTLOOK:

Guar seed as well as guar gum is expected to trade moderately downwards following a weak opening with possibility of upward movement later.

NCDEX August Contract

Guarseeds 0608(NCGUAQ6)2006/07/14 - Daily B:1988.00 A:1989.00
O 1972.00 H 2030.00 L 1958.00 C 1989.00 V 317,130 I 98,530 +6

EMA(9) 1957.4 (18) 1956.0



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar Seed Aug	1895	1848	1989	2051	2098
Guar Gum Aug	4894	4790	5094	5176	5257

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- August Guar Seed near 1960 with **target** of 2000, and then 2010 **Stop loss** at 1935.

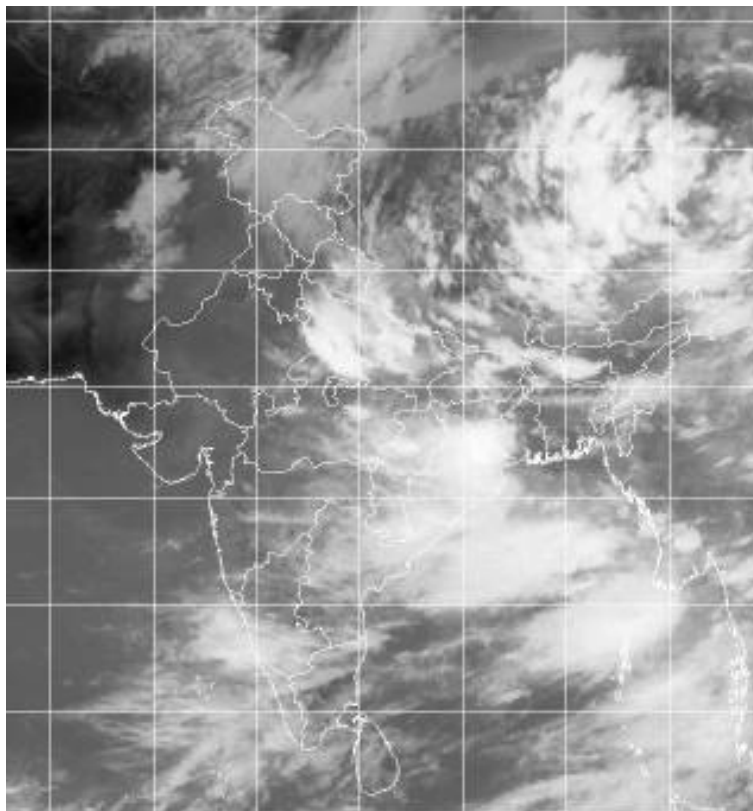
Buy NCDEX- August Guar Gum near 5050 with **target** of 5110 then 5140 **Stop loss** at 5005.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	14.07.06	13.07.06	Change
Guar Seed	Bikaner	1890	1880	+10
	Jodhpur	2000	2000	-
	Nokha	1860	1850	+10
	Sriganganagar	1880	1875	+5
Guar Gum	Jodhpur	5200	5175-5200	-

SATELLITE PICTURE OF MONSOON PROGRESS (14.07.06)



ALL INDIA WEATHER FORECAST:

Fairly widespread rainfall has occurred along the west coast and over Bihar, East Uttar Pradesh and West Bengal & Sikkim with heavy to very heavy falls over East Uttar Pradesh, Sub-Himalayan West Bengal & Sikkim, Coastal Karnataka and Kerala. Scattered rainfall also occurred over central India and northeastern states.

Due to interaction of the trough in mid-tropospheric westerlies and the low level monsoon flow, fairly widespread rains with heavy to very heavy falls have occurred over western Himalayan region and adjoining plains of northwest India. This activity is likely to continue till tomorrow and gradually decrease thereafter.

An upper air cyclonic circulation has formed over North Bay of Bengal. Under its influence fairly widespread rains with heavy to very heavy falls are likely over Gangetic West Bengal, Orissa, Bihar and Jharkhand during next 2-3 days.

Widespread rains likely to continue along the west coast.

Source: **IMD**

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