

GUAR DAILY

July 14, 2006

GUAR

SPOT MARKETS:

At the physical markets guar was traded on an average steady to weak during Thursday's trade. The market remained somewhat firm at the morning session, but failed to carry the gains further. The day finished at almost steady to somewhat weak level. The seesaw trading activity at the futures market also underpinned the physical market sentiments. Traders attributed the rise in guar prices to 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 witnessed some upward movement following a slightly higher opening initially. However, profit taking at the higher levels capped further advances and the futures shed the early gains to settle in the negative territory. Guar Seed July contract traded in the range of 1940-2005, while the August contract fluctuated in the range of 1972-2047. Guar Gum July contract traded in the range of 4961-5105, while the August contract fluctuated in the range of 5020-5190 during Thursday's trade.

PRICE DRIVERS:

Bearish:

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

TECHNICALS:

Candlestick pattern is bearish, indicating weak opening and trend reversal. Stochastic moving downwards in normal region, hinting further downtrend. MACD indicates medium-term weakness in the market. Overall technical picture is pointing towards a range bound trade with weak sentiment.

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(NCGUAG6)2006/07/13 - Daily B:1981.00 A:1983.00
O 2011.00 H 2046.00 L 1972.00 C 1983.00 V 405,660 I 108,230 -20
EMA(9) 1949.4 (18) 1952.1



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar Seed Aug	1895	1848	1983	2051	2098
Guar Gum Aug	4894	4790	5070	5176	5257

INTRADAY TRADE RECOMMENDATION:

Sell NCDEX- August Guar Seed near 2000 with **target** of 1960, and then 1950 **Stop loss** at 2025.

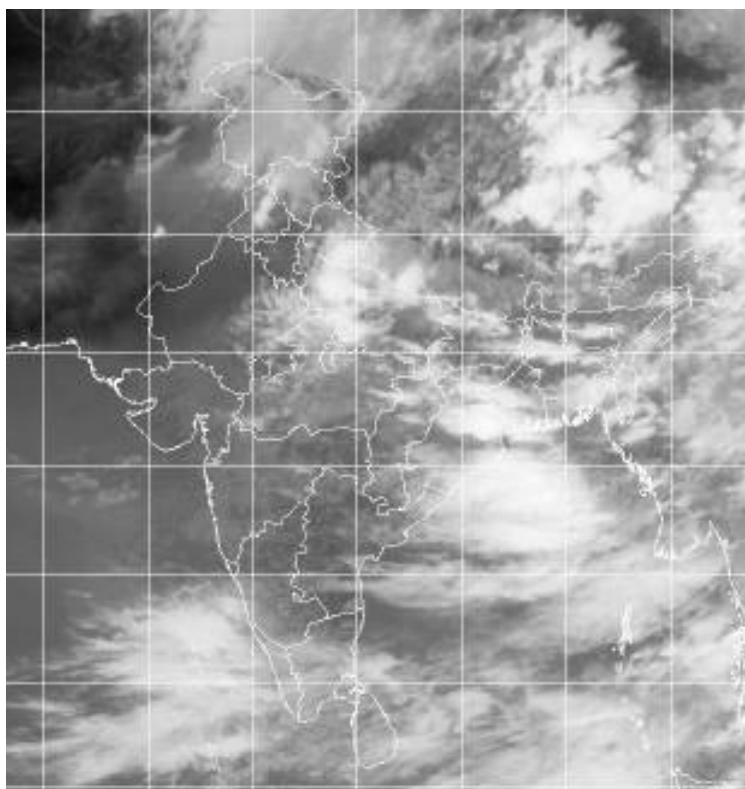
Sell NCDEX- August Guar Gum near 5100 with **target** of 5040 then 5000 **Stop loss** at 5150.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	13.07.06	12.07.06	Change
Guar Seed	Bikaner	1880	1900	-20
	Jodhpur	2000	1980-2000	-
	Nokha	1850	1872	-22
	Sriganganagar	1875	1910	-35
Guar Gum	Jodhpur	5175-5200	5200	-

SATELLITE PICTURE OF MONSOON PROGRESS (13.07.06)



ALL INDIA WEATHER FORECAST:

Fairly widespread rainfall has occurred along the west coast and over Bihar, West Bengal & Sikkim, Jharkhand, and north Orissa with heavy to very heavy falls over Bihar, Coastal Karnataka and Kerala. Scattered rainfall also occurred over northwest & central India and northeastern states.

Due to interaction of the trough in mid-tropospheric westerlies and the low level monsoon flow, fairly widespread rainfall with heavy to very heavy falls is likely over western Himalayan region for next 2 days.

Fairly widespread rains likely to continue along the west coast and over Jharkhand, Bihar, and Uttar Pradesh with isolated heavy falls.

Heavy to very heavy rainfall is likely at a few places over Bihar, East Uttar Pradesh, Himachal Pradesh and Uttaranchal.

Isolated heavy rainfall also likely over Punjab, Jammu & Kashmir, Konkan & Goa, Coastal Karnataka, Kerala and Lakshadweep.

Source: **IMD**

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