

GUAR DAILY

July 13, 2006

GUAR

SPOT MARKETS:

At the physical markets guar was traded with a firm sentiment after opening session witnessing some weakness. Sharp rise in guar prices at the futures market has lifted up 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 traded with a bullish sentiment following a slightly weak opening. Increased speculative buying has supported the futures to extend Tuesday's gains further and the futures hit 4 per cent upper circuit level during the mid-session. Guar Seed July contract traded in the range of 1871-1984, while the August contract fluctuated in the range of 1906-2022. Guar Gum July contract traded in the range of 4825-5075, while the August contract fluctuated in the range of 4877-5150 during Wednesday's trade.

PRICE DRIVERS:

Bearish:

1. Rain and thundershowers are likely at many places over East Rajasthan

Bullish:

2. Speculative buying at the futures market
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 many places over East Rajasthan. Rainfall at this time would help in sowing of guar crops.

TECHNICALS:

Candlestick pattern is bullish, indicating steady to firm opening. Stochastic has made a bearish crossover, hinting further downtrend. MACD indicates medium-term weakness in the market. Overall technical picture is pointing towards a range bound trade with firm sentiment.

OUTLOOK:

Guar seed as well as guar gum is expected to trade moderately upwards initially following a steady to firm opening and downwards thereafter.

NCDEX August Contract

Guarseeds 0608(NCGUAG6)2006/07/12 - Daily B:2002.00 A:2004.00
C 1924.00 H 2022.00 L 1906.00 C 2003.00 V 409,560 I 113,590 +82
EMA(9) 1941.1 (18) 1948.4



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar Seed Aug	1895	1834	2003	2058	2122
Guar Gum Aug	4943	4850	5086	5187	5268

INTRADAY TRADE RECOMMENDATION:

Sell NCDEX- August Guar Seed near 2025 with **target** of 1985, and then 1965 **Stop loss** at 2055.

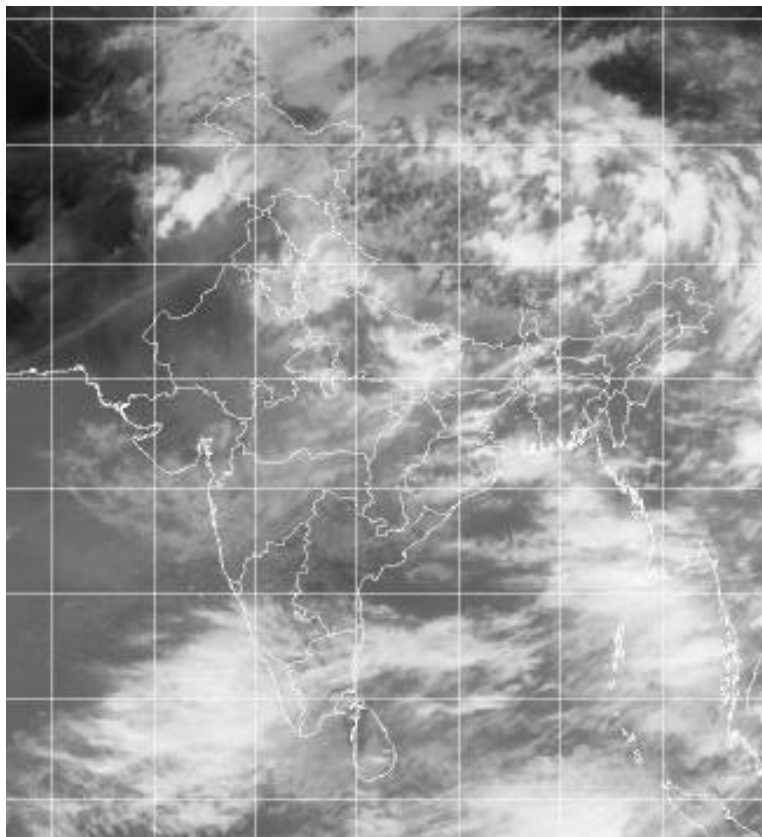
Sell NCDEX- August Guar Gum near 5125 with **target** of 5050 then 5025 **Stop loss** at 5175.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	12.07.06	11.07.06	Change
Guar Seed	Bikaner	1900	1840	+60
	Jodhpur	1980-2000	1925-1945	+55
	Nokha	1872	1805	+67
	Sriganganagar	1910	1850	+60
Guar Gum	Jodhpur	5200	5096	+104

SATELLITE PICTURE OF MONSOON PROGRESS (12.07.06)



ALL INDIA WEATHER FORECAST:

Under the influence of an upper air cyclonic circulation over Bihar and neighbourhood, fairly widespread rains with heavy to very heavy falls have occurred over West Bengal & Sikkim, Bihar, Jharkhand and East Uttar Pradesh. This activity is likely to continue for another 48 hours and extends into northern parts of Chhattisgarh and East Madhya Pradesh.

Due to the interaction of an upper air cyclonic circulation over Haryana and a trough in mid-tropospheric westerlies over north Pakistan, fairly widespread rainfall with isolated heavy falls have occurred over western Himalayan region, Punjab, Haryana and Delhi. This activity is likely to continue for another 2-3 days with some increase after 24 hours.

Fairly widespread rains likely to continue along the west coast with increase in intensity after 48 hours.

Source: **IMD**

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