

GUAR DAILY

July 24, 2006

GUAR

SPOT MARKETS:

At the physical markets guar witnessed a highly bearish sentiment at the weekend. The sharp downfall of guar seed as well as guar gum futures prices have also pressurised the physical market sentiments. Report of rainfall over some parts of Rajasthan has added to the bearish sentiment. However, traders are eyeing the extent of rainfall in the major guar producing belt for further assessment. Market sentiment is now totally governed by the climatic factors, as traders are closely eyeing the minute details of SW monsoon. Rainfall in Rajasthan in general and West Rajasthan in particular, would put a bearish impact on guar prices and vice-versa.

FUTURES MARKETS:

Guar futures at the NCDEX opened higher than previous settle and traded slightly upwards initially. However, increased speculative selling interest has pressurised the futures thereafter and the futures traded sharply downward to settle near day's low in final action. Guar Seed August contract traded in the range of 1958-2045, while the most-active September contract fluctuated in the range of 1996-2098. Guar Gum August contract traded in the range of 5003-5233, while the most-active September contract fluctuated in the range of 5075-5300 during Saturday's trade.

PRICE DRIVERS:

Bearish:

1. Heavy to very heavy falls likely at a few places over East Rajasthan

Bullish:

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

WEATHER IMPACT:

Heavy to very heavy falls likely at a few places over Konkan & Goa (including Mumbai), Madhya Maharashtra, West Madhya Pradesh, Gujarat region and East Rajasthan. Rainfall at present would help in the sowing of guar.

TECHNICALS:

Candlestick pattern is highly bearish. %K-line has made a bearish crossover with %D-line, hinting further downtrend. MACD showing short-term weakness in the market. Prices closed well below 9-day and 18-day EMA, indicating weak trend. Overall technical picture is pointing towards a bearish trade ahead.

OUTLOOK:

Guar seed as well as guar gum is expected to trade moderately downwards initially following a weak opening with possibility of late upward movement. Weather conditions need to be closely watched.

NCDEX September Contract



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| Guar Seed Sept | 1934 | 1968 | 2007 | 2051 | 2081 |
| Guar Gum Sept | 4902 | 4987 | 5100 | 5200 | 5285 |

INTRADAY TRADE RECOMMENDATION:

Sell NCDEX- September Guar Seed at 2010-2020 with **target** of 1990, and then 1980 **Stop loss** at 2040.

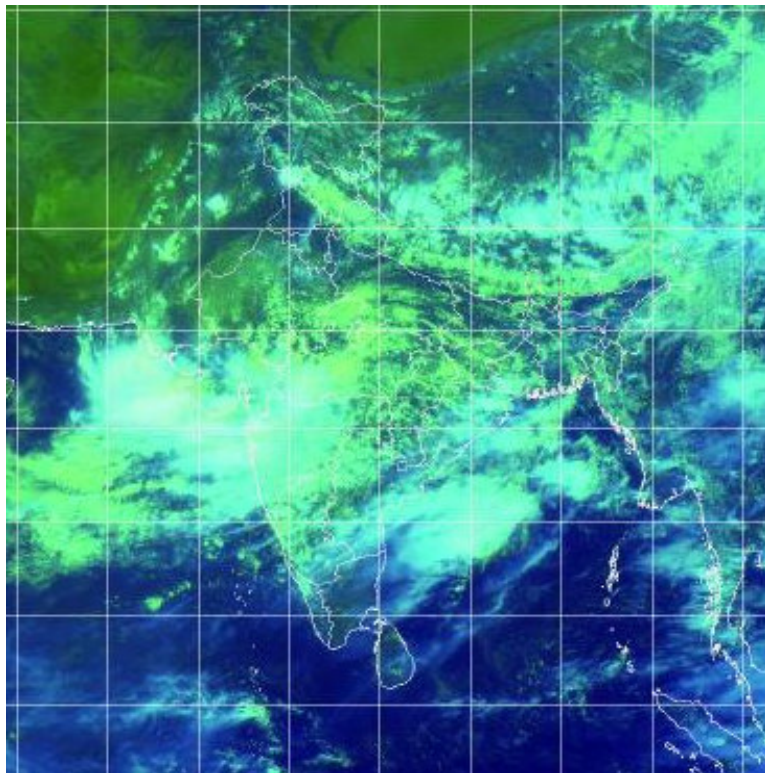
Sell NCDEX- September Guar Gum at 5110-5125 with **target** of 5075 then 5050 **Stop loss** at 5165.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

| Commodity | Centres | 22.07.06 | 21.07.06 | Change |
|-----------|---------------|----------|-----------|--------|
| Guar Seed | Bikaner | 1900 | 1930 | -30 |
| | Jodhpur | 2035 | 2050-2075 | -40 |
| | Nokha | 1860 | 1900 | -40 |
| | Sriganganagar | 1900 | 1930 | -30 |
| Guar Gum | Jodhpur | 5200 | 5304 | -104 |

SATELLITE PICTURE OF MONSOON PROGRESS (22.07.06)



ALL INDIA WEATHER FORECAST:

- Yesterday's low pressure area over Jharkhand and neighbourhood has moved northwestwards and now lies over central parts of north Madhya Pradesh and adjoining Uttar Pradesh.
- Enhanced rainfall activity with isolated heavy to very heavy falls are likely over West Madhya Pradesh, Konkan & Goa, Madhya Maharashtra, Marathawada and Gujarat during next 48 hours. The rainfall activity is likely to decrease over Orissa, Jharkhand, Chhattisgarh and East Madhya Pradesh during next 2 days, however, with the likely formation of an upper cyclonic circulation over northeast Bay of Bengal it is likely to increase again over these areas from 24th onwards.
- The seasonal trough passes through Bikaner, Swai Madhopur, center of low pressure area, Ambikapur, Keonjhar, Chandbali and thence southeastwards.
- During past 24 hours widespread rainfall activity with isolated heavy to very heavy falls have occurred over Orissa, Chhattisgarh, Madhya Pradesh, Konkan & Goa, Madhya Maharashtra and Gujarat state

Heavy rainfall warning:

- Heavy to very heavy falls likely at a few places over Konkan & Goa (including Mumbai), Madhya Maharashtra, West Madhya Pradesh, Gujarat region and East Rajasthan

Outlook for subsequent two days from 25th July 2006 (Based on numerical weather products):

- Rainfall activity over Indo Gangetic plains and east India likely to increase.
- Rainfall activity over Gujarat, West Madhya Pradesh and interior Maharashtra likely to decrease.

Source: IMD

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