

GUAR DAILY

July 06, 2006

GUAR

SPOT MARKETS:

The guar prices hovered sideways in different spot markets on meager arrivals. The confusion over monsoon activity led the buyers to remain at sidelines. Moreover, lackluster trade in futures market also underpinning the physical market sentiments. Weather advancement has not been satisfactory so far. Preliminary reports suggest good sowing of guar in northern Rajasthan (areas including Sangari, Raosar (Sri Ganganagar), Hanumangarh and west Haryana). Farmers, however, are waiting for monsoon before going for 'Bohni' of guar. Carry-forward stock is reported low this year and Monsoon will play the crucial role in coming days. Demand for the same is good. Farmers are highly inclined towards the crop, but perspectives ahead are highly dependent on monsoon.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed upward trade initially following a firm opening. However, increased selling pressure at some higher level slid down the futures and settled lower with some losses. The July contract for guar seed traded in the range of 1805-1836, while the August contract fluctuated in the range of 1846-1884. While, the July contract for guar gum traded in the range of 4705-4795 and the August contract fluctuated in the range of 4775-4861 at Wednesday.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity
2. Favourable advancement of S.W. monsoon.

Bullish:

1. Decreasing arrivals
2. Lower carry forward stocks
3. Good Demand

Weather:

Progress of rainfall in the coming weeks is crucial for the crop. Farmers of guar producing belts should prepare their lands for sowing their kharif guar crops.

Guar Prices at Major Markets in Rajasthan:

TECHNICALS:

The candlesticks showing bearish tone, which is supported by the Stochastic. The MACD along with its EMA moving upward, showing some improvement in the market.

OUTLOOK:

The prices of guar seed as well as guar gum are expected to move some upwards initially following a steady to firm opening with possibility of some downward movement later.

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed Aug.	1844	1826	1862	1882	1902
Guar gum Aug.	4763	4726	4801	4849	4898

INTRADAY TRADE RECOMMENDATION:

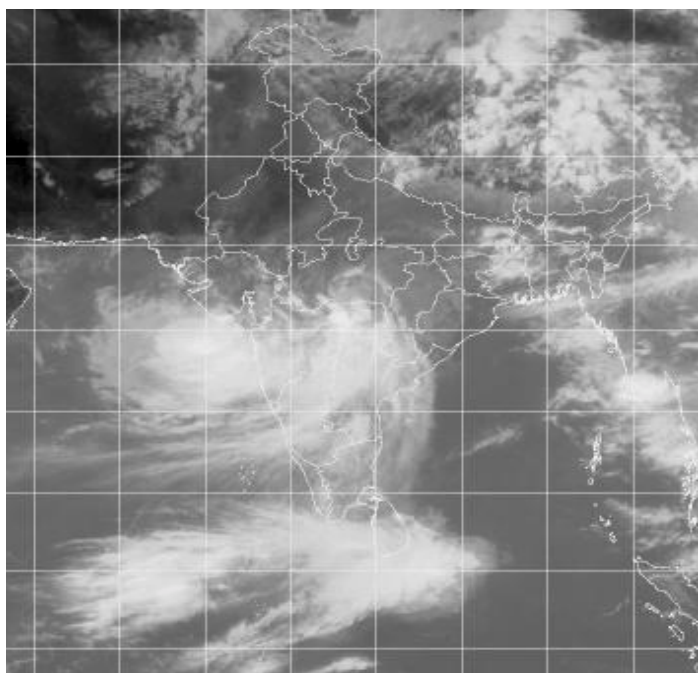
Sell NCDEX- August Guar Seed between 1870-1880 with target of 1845, and then 1835 Stop loss at 1890.

Sell NCDEX- August Guar Gum between 4810-4818 with target of 4785 then 4775 Stop loss at 4832.

Do not carry forward the position until the next day.

Commodity	Centres	04.07.06	05.07.06	Change
Guar Seed	Bikaner	1820	1815	-5.00
	Jodhpur	1940	1940	-
	Nokha	1820	1830	+10.00
Guar Gum	Jodhpur	4800	4950	+150.00

Satellite Picture of Monsoon Progress (05.07.06)



Source: IMD

- ✍ Yesterday's deep depression over Orissa moved west-northwestwards and lay centred today morning at 0830 hours IST over Chhattisgarh close to Raipur. Under its influence widespread rains has occurred over Orissa, Chhattisgarh, Maharashtra and south Gujarat with heavy to very heavy falls at a few places.
- ✍ As the system is likely to move in west-northwestwards, enhanced rainfall activity with heavy to very heavy falls at a few places is likely over Chhattisgarh, East Madhya Pradesh, Telengana and Vidarbha for next 1-2 days; and over Gujarat, Konkan & Goa, Madhya Maharashtra, Marathawada and North Interior Karnataka for next 3-4 days.
- ✍ Isolated extremely heavy falls (>25 cm) may also occur over these regions during the above period.

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