

## GUAR DAILY

July 04, 2006

### GUAR

#### SPOT MARKETS:

Guar markets continued to feature weak trend. Suspicion over satisfactory advancement of monsoon attributed underlying strength. 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 whatever is left is in hands of strong stockists. 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 1816-1855, while the August contract fluctuated in the range of 1855-1895. While, the July contract for guar gum traded in the range of 4736-4780 and the August contract fluctuated in the range of 4800-4880 at Monday.

#### PRICE DRIVERS:

##### Bearish:

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

##### Bullish:

3. Decreasing arrivals
4. Lower carry forward stocks

#### 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 bullish tone. The stochastic is bearish and moving downwards to oversold region. 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.	1855	1835	1876	1895	1915
Guar gum Aug.	4814	4767	4862	4894	4927

#### INTRADAY TRADE RECOMMENDATION:

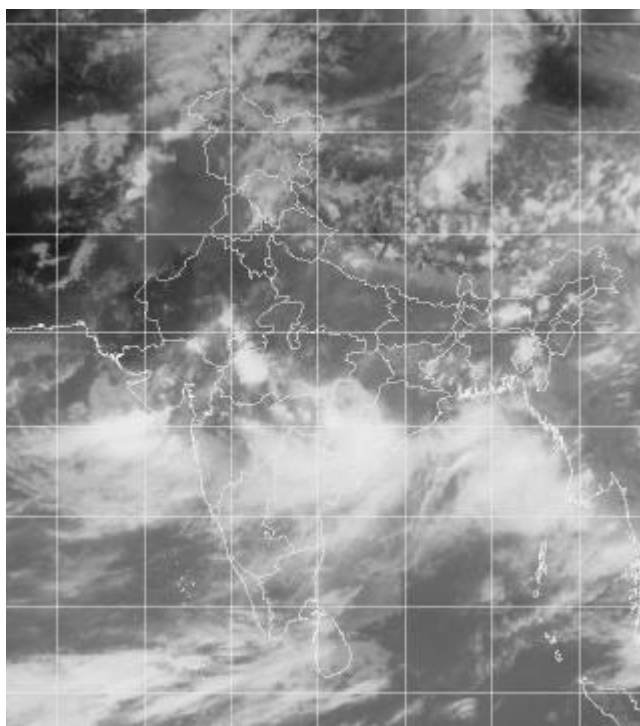
**Sell NCDEX- August Guar Seed** near 1900 with target of 1855, and then 1915 Stop loss at 1840.

**Sell NCDEX- August Guar Gum** near 4880-4900 with target of 4820 then 4800 Stop loss at 4940.

**Do not carry forward the position until the next day.**

Commodity	Centres	01.07.06	03.07.06	Change
Guar Seed	Bikaner	1800	1825	+25.00
	Jodhpur	1920	1930	+10.00
	Nokha	1780	1825	+45.00
Guar Gum	Jodhpur	4925	4770	-155.00

## Satellite Picture of Monsoon Progress (03.07.06)



**Source:** IMD

- ✍ Yesteray's deep depression near Lat 20.5 N/Long 85.5 E, close to Cuttack was persisting till noon today. The system is likely to move in a west-northwesterly direction. Under its influence widespread to fairly widespread rainfall has occurred over Gangetic West Bengal, Orissa, Chhattisgarh and north Coastal Andhra Pradesh with heavy to very heavy falls at a few places.
- ✍ As the system is likely to move in west-northwesterly direction, interior Orissa, Chhattisgarh & Vidarbha will get widespread rainfall with heavy to very heavy falls at a few places and isolated extremely heavy rainfall also during next 24 hours. The rainfall activity over Madhya Pradesh, Gujarat, Maharashtra & Goa (including Mumbai), North Interior Karnataka and Telengana will increase further from tomorrow for next 2-3 days, with very heavy rains at a few places. Isolated extremely heavy rainfall (>25 cm) also likely over Konkan & Goa (including Mumbai), Madhya Maharashtra and south Gujarat.
- ✍ The upper air cyclonic circulation over south Gujarat and north Konkan coasts persists extending between 1.5 and 4.5 km a.s.l. Under its influence fairly widespread rains with heavy to very heavy falls are likely at a few places over south Gujarat, Konkan & Goa and Madhya Maharashtra.
- ✍ The off shore trough extending from south Konkan & Goa to Karnataka coast persists.

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