

GUAR DAILY

July 07, 2006

GUAR

SPOT MARKETS:

The guar prices showed slightly bullish in different spot markets on good demand amidst meagre arrivals. Sharply bullish tone in futures market on profits booking activities mainly underpinning the physical market sentiments. Moreover, some rumour on monsoon also mushrooming in different spot markets. Traders in the country believe that 25-30 lac tonne Guar and 25,000 tonne of Guar Gum is kept, as stock all over the India and which is enough up to October of this year only. Monsoon will play a crucial role in deciding the sentiments of upcoming market, as so far there is no rainfall noticed in main Guar growing areas of India and as a result there is no sowing of Guar has been witnessed except a few area like Ganganagar, Rajasthan, which contributes more than 70 % production of the country still eying the rains. According to the latest IMD report well-marked low-pressure area over southwest Madhya Pradesh has further weakened and now lies over south Rajasthan as a feeble low-pressure area. With the weakening of the system, the rainfall activity over Maharashtra (including Mumbai) and over Gujarat is likely to reduce. However, fairly widespread rains with isolated heavy falls are likely over these areas and also over south Rajasthan and West Madhya Pradesh till tomorrow. Good demand was witnessed from traders to hedging guar seed against futures market. Traders are optimistic about rising of guar prices in coming futures. There is confusion among traders on monsoon activity. Traders have been monitoring futures market sentiments as well as monsoon progress for further direction.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed low opening initially following a firm upward movement. However, speculative 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 1809-1910, while the August contract fluctuated in the range of 1848-1957. While, the July contract for guar gum traded in the range of 4730-4936 and the August contract fluctuated in the range of 4780-5004 at Thursday.

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 Maior Markets in Raiasthan:

TECHNICALS:

The candlesticks showing bullish tone, which is supported by the Stochastic. The MACD along with its EMA moving far away in upward direction, showing good improvement in the market.

OUTLOOK:

The prices of guar seed as well as guar gum are expected to move upwards following a steady to weak opening.

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed Aug.	1883	1811	1955	1992	2029
Guar gum Aug.	4854	4705	5004	5078	5153

INTRADAY TRADE RECOMMENDATION:

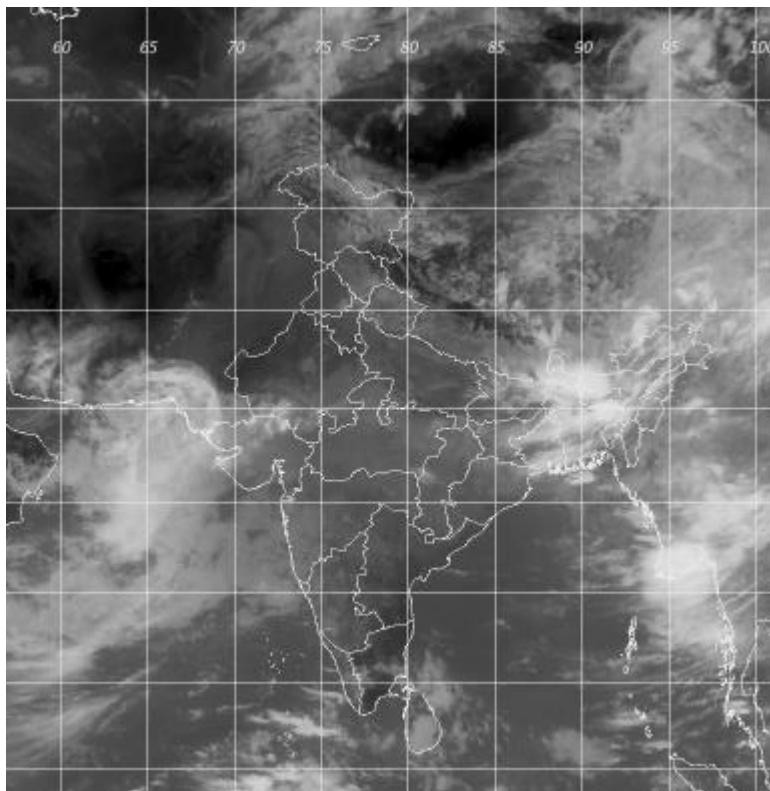
Buy NCDEX- August Guar Seed between 1945-1955 with target of 1975, and then 1985 Stop loss at 1930.

Buy NCDEX- August Guar Gum between 4985-4995 with target of 5015 then 5025 Stop loss at 4965

Do not carry forward the position until the next day.

Commodity	Centres	05.07.06	06.07.06	Change
Guar Seed	Bikaner	1815	1830	+15.00
	Jodhpur	1940	1980	+40.00
	Nokha	1830	1710	-120.00
Guar Gum	Jodhpur	4750	4800	+50.00

Satellite Picture of Monsoon Progress (06.07.06)



Source: IMD

- ✍ Yesterday's well-marked low-pressure area over southwest Madhya Pradesh has further weakened and now lies over south Rajasthan as a feeble low-pressure area. With the weakening of the system, the rainfall activity over Maharashtra (including Mumbai) and over Gujarat is likely to reduce. However, fairly widespread rains with isolated heavy falls are likely over these areas and also over south Rajasthan and West Madhya Pradesh till tomorrow.
- ✍ Rainfall activity is likely to increase over northeastern states with heavy to very heavy falls at a few places during next 3-4 day.
- ✍ Chief amounts of rainfall (cm) during past 24 hours are: Mahabaleshwar-19, Passighat-18, Bhira-15, Dahanu-13, Mumbai (SCZ)-12, Surat, Mumbai (Colaba) & Harnai –11 each, Deesa & Rajkot-9 each, Dwarka-6, Bhuj-5, Ahmedabad-4, Dabolim & Pune-3 each, Udaipur-2

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