

GUAR DAILY

July 17, 2006

GUAR

SPOT MARKETS:

At the physical markets guar witnessed bullish sentiment amidst inadequacy of rainfall in the major guar-producing belt of Rajasthan. The strength in the futures market has also underpinned the physical market sentiments. Demand from the millers as well as export houses is reported to be brisk and has supported the firm market sentiments. Traders are expecting further rise in guar prices following 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 this time.

FUTURES MARKETS:

Guar futures at the NCDEX opened higher than previous settle and traded with a firm sentiment. Increased speculative buying interest amidst concerns over inadequate rainfall in producing areas supported the futures throughout the trading session. Guar Seed July contract traded in the range of 1964-2004, while the August contract fluctuated in the range of 1995-2046. Guar Gum July contact traded in the range of 5084-5135, while the August contract fluctuated in the range of 5139-5215 during Saturday's trade.

PRICE DRIVERS:

Bearish:

1. Rainfall is likely to remain subdued over northwest India during next 3-4 days
2. Speculative buying support at the futures market

Bullish:

3. Talks of inadequate rainfall for sowing of guar
4. Lower carry forward stocks
5. Long range weather forecast suggests below normal monsoon this year

WEATHER:

Rainfall is likely to remain subdued over northwest India during next 3-4 days. Inadequate rainfall at this time would delay the sowing of guar crops.

TECHNICALS:

Candlestick pattern is bullish, indicating firm opening. Stochastic moving upwards in the normal region, hinting further uptrend. MACD indicates short-term strength in the market. Overall technical picture is pointing towards a bullish trade.

OUTLOOK:

Guar seed as well as guar gum is expected to trade upwards following a firm opening. However, profit taking is likely at the higher levels.

NCDEX August Contract

Guarseeds 0608(NCGUAQ6)2006/07/15 - Daily B:2031.00 A:2036.00
O 1995.00 H 2045.00 L 1995.00 C 2031.00 V 177,620 I 98,240 +42



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar Seed Aug	1973	1939	2031	2088	2122
Guar Gum Aug	5110	5040	5187	5297	5366

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- August Guar Seed near 2025 with **target** of 2050, and then 2060 **Stop loss** at 2008.

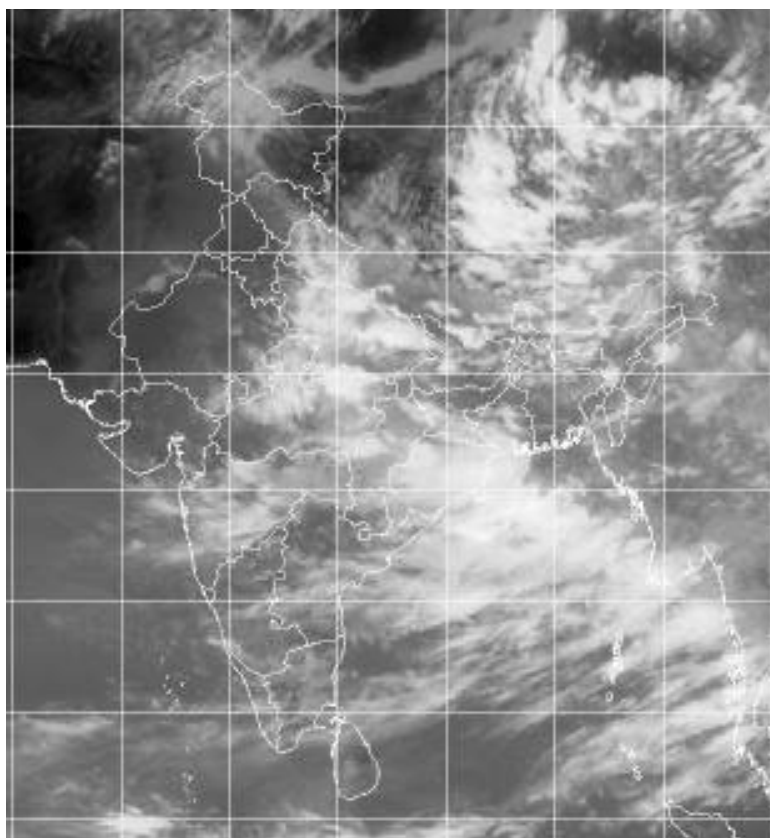
Buy NCDEX- August Guar Gum near 5200 with **target** of 5250 then 5275 **Stop loss** at 5150.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	15.07.06	14.07.06	Change
Guar Seed	Bikaner	1940	1890	+50
	Jodhpur	2050	2000	+50
	Nokha	1920	1860	+40
	Sriganganagar	1905	1880	+25
Guar Gum	Jodhpur	5250	5200	+50

SATELLITE PICTURE OF MONSOON PROGRESS (15.07.06)



ALL INDIA WEATHER FORECAST:

- A low pressure area has formed over head Bay of Bengal and adjoining Gangetic West Bengal. Associated upper air cyclonic circulation extends upto mid-tropospheric levels. Under its influence, widespread rainfall with heavy to very heavy falls are likely over Gangetic West Bengal, Orissa and Jharkhand during 1-2 days. Subsequently this rain belt is likely to shift into Chhattisgarh, Madhya Pradesh, Bihar and East Uttar Pradesh.
- Ongoing fairly widespread rainfall activity along the west coast is likely to increase during next 2-3 days.
- With eastward movement of the trough in mid-tropospheric westerlies, the rainfall is likely to remain subdued over northwest India during next 3-4 days.

Source: **IMD**

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