

## GUAR DAILY

July 21, 2006

### GUAR

#### SPOT MARKETS:

At the physical markets guar was traded with a mixed sentiment during Thursday's trade. Guar prices remained highly volatile amidst concerns of weather uncertainties. The seesaw trade at the futures market has also failed to give any clear cut direction to the physical market traders. The IMD has reported that Southwest monsoon has further advanced into remaining parts of East Rajasthan and some more parts of West Rajasthan. 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 lower than previous settle and traded moderately downwards initially. Increased buying interest at the lower levels supported the futures thereafter and the futures traded mostly upward for most of the session. However, profit booking curbed the advances and the futures settled with marginal change in late action. Guar Seed July contract traded in the range of 1980-2081, while the August contract fluctuated in the range of 1990-2072. Guar Gum July contact traded in the range of 4980-5190, while the August contract fluctuated in the range of 5115-5275 during Thursday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Southwest monsoon has further advanced into remaining parts of East Rajasthan and some more parts of West Rajasthan

##### Bullish:

2. Talks of inadequate rainfall for sowing of guar
3. Long range weather forecast suggests below normal monsoon this year

#### WEATHER IMPACT:

Southwest monsoon has further advanced into remaining parts of East Rajasthan and some more parts of West Rajasthan. Rainfall at this time would help in the sowing of guar.

#### TECHNICALS:

Candlestick pattern hinting indecision in the market. %K-line has made a bearish crossover with %D-line, hinting possible downtrend. MACD showing short-term strength in the market. Overall technical picture is pointing towards possibility of downward technical correction.

#### OUTLOOK:

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

#### NCDEX August Contract

Guarseeds 0608(NCGUAQ6)2006/07/20 - Daily B:2032.00 A:2034.00  
O 2023.00 H 2072.00 L 1994.00 C 2032.00 V 280,430 I 69,200 -5



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Aug	1900	1952	2032	2084	2142
Guar Gum Aug	4918	5012	5219	5298	5400

#### INTRADAY TRADE RECOMMENDATION:

**Sell NCDEX- August Guar Seed** at 2030-2040 with **target** of 2000, and then 1980 **Stop loss** at 2072.

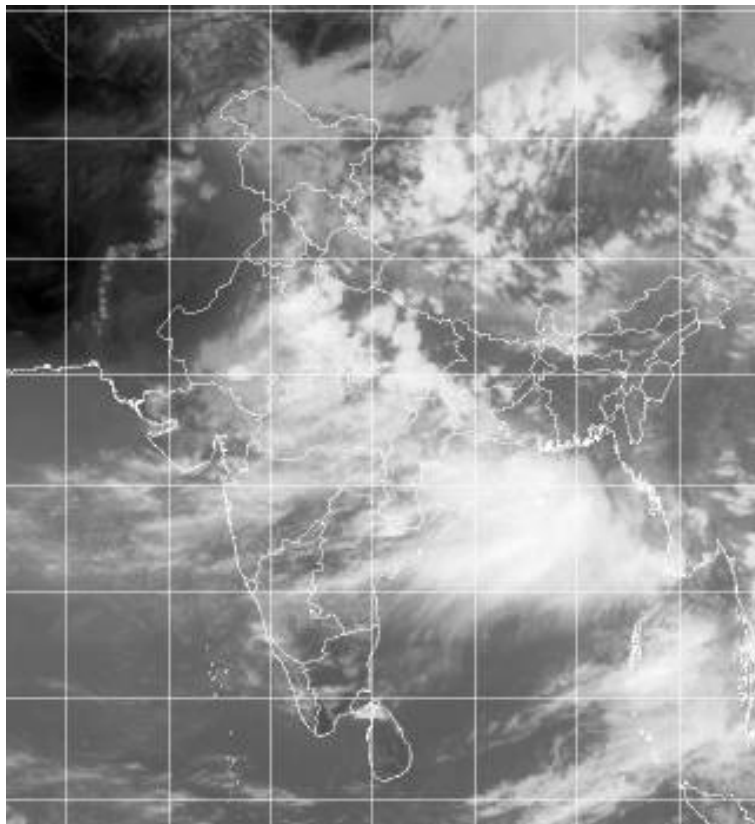
**Sell NCDEX- August Guar Gum** at 5250 with **target** of 5175 then 5150 **Stop loss** at 5300.

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

#### GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20.07.06	19.07.06	Change
Guar Seed	Bikaner	1930	1940	-10
	Jodhpur	2050-2075	2075	-
	Nokha	1900	1913	-13
	Sriganganagar	1940	1940	-
Guar Gum	Jodhpur	5304	5304	-

## SATELLITE PICTURE OF MONSOON PROGRESS (20.07.06)



### ALL INDIA WEATHER FORECAST:

#### Progress of Southwest Monsoon

- Southwest monsoon has further advanced into remaining parts of East Rajasthan and some more parts of West Rajasthan. The Northern Limit of Monsoon as on 20<sup>th</sup> July passes through Jalore, Jodhpur and Ganganagar.

#### Chief Features

- The seasonal trough passes through Anupgarh, Aligarh, Allahabad, Ranchi and thence southeastwards.
- Yesterday's cyclonic circulation over Jharkhand and adjoining West Bengal persists and extends upto mid-tropospheric levels.
- During past 24 hours, fairly widespread rainfall has occurred over Gangetic West Bengal, Orissa, Madhya Pradesh, Himachal Pradesh, Uttaranchal, Coastal Karnataka and Kerala with isolated heavy falls over Gangetic West Bengal, Uttaranchal and Coastal Karnataka.
- Fairly widespread rainfall with isolated heavy to very heavy falls is likely to continue over east & central India and Western Himalayan Region. Scattered rainfall activity likely over plains of northwest India during next 2 days which may enhance subsequently.

#### Outlook for subsequent two days from 23<sup>rd</sup> July 2006 (Based on numerical weather products):

- Fairly widespread rainfall activity over northwest, central and east India likely to continue. Subdued rainfall activity likely over south peninsula.

Source: IMD

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