

GUAR DAILY

July 22, 2006

GUAR

SPOT MARKETS:

At the physical markets guar remained mostly range bound during Friday's trade. The narrow range bound trade at the futures market has also kept the physical market quiet as compared to higher volatility seen during past few days. Consequently, guar prices were quoted steady to slightly weak. Traders reported limited activity at the higher price tag. The IMD has reported that the ongoing rainfall activity over Rajasthan may increase during next 2-3 days. This can keep the physical market under pressure. 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. Moderate selling interest kept the market under pressure and the futures traded within a narrow range for rest of the day. The futures settled with marginal losses in final action. Guar Seed August contract traded in the range of 2010-2305, while the September contract fluctuated in the range of 2051-2085. Guar Gum August contact traded in the range of 5150-5224, while the September contract fluctuated in the range of 5237-5301 during Friday's trade.

PRICE DRIVERS:

Bearish:

1. Ongoing rainfall activity may increase over Rajasthan during next 2-3 days

Bullish:

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

WEATHER IMPACT:

Ongoing rainfall activity is likely to continue over east and central India and may increase over Maharashtra, Gujarat and Rajasthan during next 2-3 days. Rainfall at present 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 further downtrend. MACD showing short-term strength in the market. Overall technical picture is pointing towards possibility of range bound trade with weak bias.

OUTLOOK:

Guar seed as well as guar gum is expected to trade moderately downwards following a steady to weak opening. Weather conditions need to be closely watched.

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Aug	1900	1952	2029	2084	2142
Guar Gum Aug	4918	5012	5199	5298	5400

INTRADAY TRADE RECOMMENDATION:

Sell NCDEX- August Guar Seed at 2035-2040 with **target** of 2005, and then 1990 **Stop loss** at 2065.

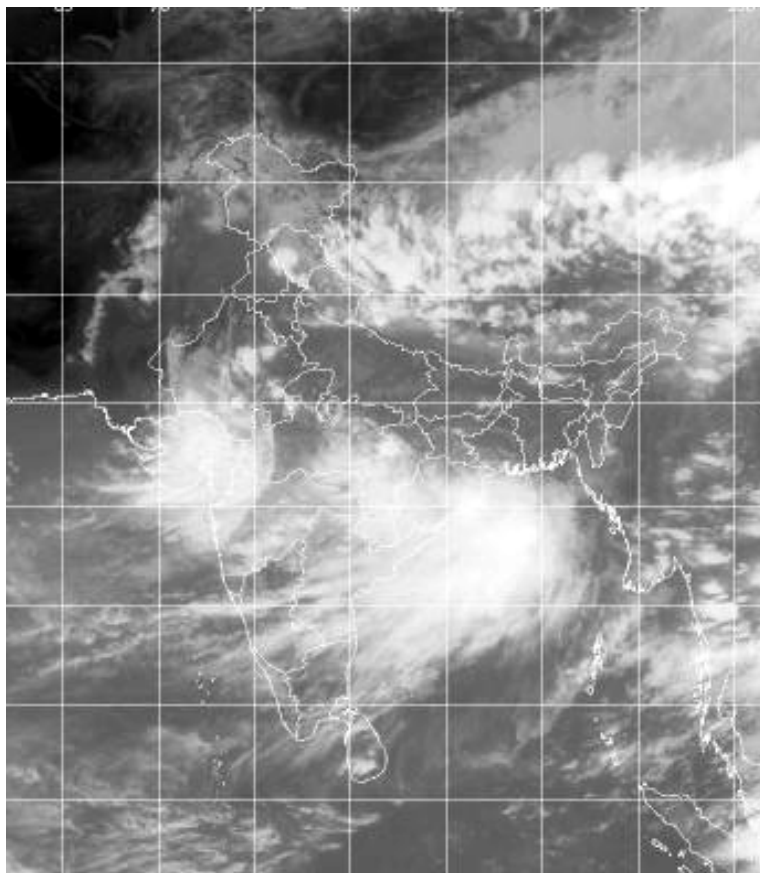
Sell NCDEX- August Guar Gum at 5225 with **target** of 5150 then 5125 **Stop loss** at 5275.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	21.07.06	20.07.06	Change
Guar Seed	Bikaner	1930	1930	-
	Jodhpur	2050-2075	2050-2075	-
	Nokha	1900	1900	-
	Sriganganagar	1930	1940	-10
Guar Gum	Jodhpur	5304	5304	-

SATELLITE PICTURE OF MONSOON PROGRESS (21.07.06)



ALL INDIA WEATHER FORECAST:

- Yesterdays low pressure area over Jharkhand and neighbourhood now lies over Jharkhand and adjoining areas of East Uttar Pradesh and North Chhattisgarh.
- The seasonal trough passes through Anupgarh, Pilani, Agra, Kanpur, center of low Pressure, Balasore and thence southeastwards with embedded cyclonic circulation over northwest Madhya Pradesh and adjoining West Uttar Pradesh extending upto mid-tropospheric level.
- During past 24 hours widespread rainfall has occurred over Orissa, Chhattisgarh, Jharkhand, Madhya Pradesh, East Uttar Pradesh and East Rajasthan. Isolated heavy falls also occurred over Orissa and west Madhya Pradesh.
- Current meteorological conditions suggest that ongoing rainfall activity is likely to continue over east and central India and may increase over Maharashtra, Gujarat and Rajasthan during next 2-3 days.

Outlook for subsequent two days from 24th July 2006 (Based on numerical weather products):

- Enhanced rainfall activity over central and east India likely to continue.
- Rainfall activity over northwest India and Gangetic plains likely to increase.

Source: **IMD**

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