

GUAR DAILY

July 25, 2006

GUAR

SPOT MARKETS:

At the physical markets guar witnessed a bullish sentiment at the start of the week. Talks of inadequate rainfall in major guar producing area of West Rajasthan and anticipations of lower carry-forward stocks have supported the bullish fundamentals. Moreover, the spillover strength from the futures market has also supported the physical market sentiments. The IMD has reported that the SW monsoon has advanced into remaining parts of West Rajasthan and thereby, has covered the entire country. However, the rainfall over the producing areas was seen scattered and inadequate by the physical market traders. 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 higher than previous settle and traded upwards. Increased speculative buying interest has supported the futures throughout the day and the futures wiped away most of the losses incurred on Saturday. Guar Seed August contract traded in the range of 1970-2043, while the most-active September contract fluctuated in the range of 2000-2088. Guar Gum August contract traded in the range of 5000-5215, while the most-active September contract fluctuated in the range of 5101-5293.

PRICE DRIVERS:

Bearish:

1. SW monsoon has further advanced into remaining parts of West Rajasthan

Bullish:

2. Talks of lower-than-expected rainfall for sowing of guar
3. Lower carry forward stock
4. Long range weather forecast suggests below normal monsoon this year

WEATHER IMPACT:

Southwest monsoon has further advanced into remaining parts of Arabian Sea and West Rajasthan. Thus SW monsoon has covered the entire country. Rainfall at present would help in the sowing of guar.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	24.07.06	22.07.06	Change
Guar Seed	Bikaner	1930-1935	1900	+35
	Jodhpur	2060	2035	+25
	Nokha	1900	1860	+40
	Sriganganagar	1940	1900	+40
Guar Gum	Jodhpur	5304	5200	+104

TECHNICALS:

Candlestick pattern is bullish. %K-line along with %D-line moving downwards in normal region, hinting further downtrend. MACD showing short-term weakness in the market. Prices closed above 9-day and 18-day EMA, indicating firm trend. Overall technical picture is pointing towards a continuation of the rally.

OUTLOOK:

Guar seed as well as guar gum is expected to trade upwards initially following a steady to firm opening with possibility of downward movement later. Weather conditions need to be closely watched.

NCDEX September Contract



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1969	2000	2065	2098	2124
Guar Gum Sept	5022	5102	5260	5343	5418

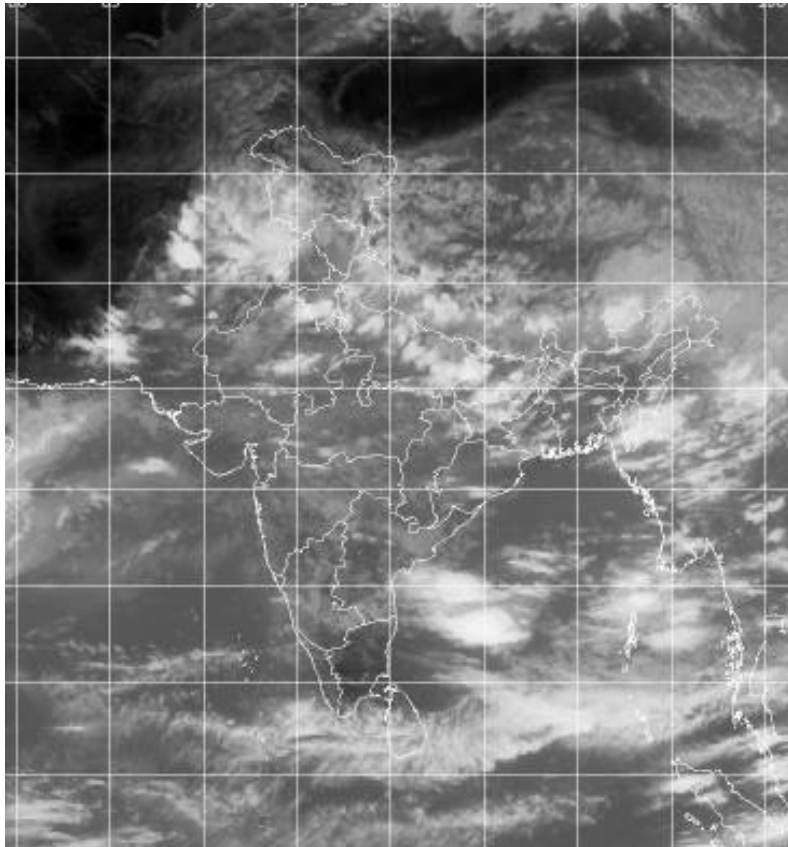
INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- September Guar Seed at 2050-2060 with **target** of 2080, and then 2090 **Stop loss** at 2030.

Buy NCDEX- September Guar Gum at 5240-5250 with **target** of 5280 then 5300 **Stop loss** at 5210.

Do not carry forward the position until the next day.

SATELLITE PICTURE OF MONSOON PROGRESS (24.07.06)



ALL INDIA WEATHER FORECAST:

Progress of Southwest Monsoon

- Southwest monsoon has further advanced into remaining parts of Arabian Sea and West Rajasthan. Thus southwest monsoon has covered the entire country.

Chief Features

- Yesterday's low pressure area over northwest Madhya Pradesh and adjoining east Rajasthan has become less marked.
- The seasonal trough passes through Anupgarh, Sikar, Kanpur, Varanasi, Gaya, Asansol and thence to northeast Bay of Bengal.
- During past 24 hours fairly widespread rainfall activity with isolated heavy to very heavy falls have occurred over Konkan & Goa, Madhya Maharashtra and Sub-Himalayan West Bengal & Sikkim.

Source: **IMD**

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