

## GUAR DAILY

July 03, 2006

### GUAR

#### SPOT MARKETS:

The guar prices remained almost steady to somewhat bearish in different domestic market. The anticipation of favourable arrivals of S.W. monsoon in major guar producing states within a few days is mainly underpinning the physical market sentiments. A poor arrival amidst good demand is reported from the market. However, sellers' activity remained at lower levels. Moreover, sideways trading of futures market is also factorising the physical market tone. Everybody related to guar eyeing towards S.W. monsoon progress for further direction. Favourable monsoon activity would lead to prevail bearish tone at market in coming future. However, the traders are optimistic of further increase in prices for the next of couples of days on good demand amidst meagre arrivals.

#### FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed upward trade initially following a firm opening. However, increased 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 1810-1832, while the August contract fluctuated in the range of 1845-1873. While, the July contract for guar gum traded in the range of 4690-4749 and the August contract fluctuated in the range of 4690-4749 during weekend.

#### PRICE DRIVERS:

##### Bearish:

1. Confusion among traders on monsoon activity
2. Favourable advancement of S.W. monsoon.

##### Bullish:

3. Decreasing arrivals
4. Lower carry forward stocks

#### 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 Major Markets in Rajasthan:

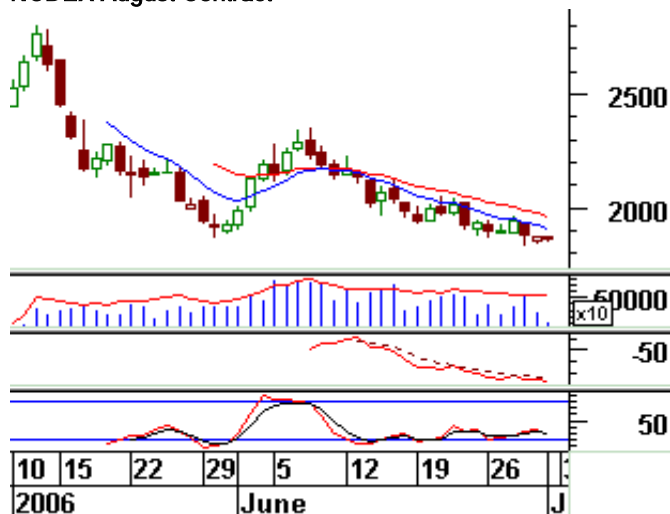
#### TECHNICALS:

The candlesticks showing bearish tone. The stochastic is bearish and moving downwards to oversold region. The MACD along with its EMA moving downwards, showing some weakness at the medium term.

#### OUTLOOK:

The prices of guar seed as well as guar gum are expected to move some upwards initially following a steady to firm opening with possibility of some downward movement later.

#### NCDEX August Contract



#### SUPPORT / RESISTANCES:

| Contract       | S1   | S2   | PCP  | R1   | R2   |
|----------------|------|------|------|------|------|
| Guar seed Aug. | 1812 | 1800 | 1854 | 1929 | 1944 |
| Guar gum Aug.  | 4740 | 4700 | 4790 | 4910 | 4968 |

#### INTRADAY TRADE RECOMMENDATION:

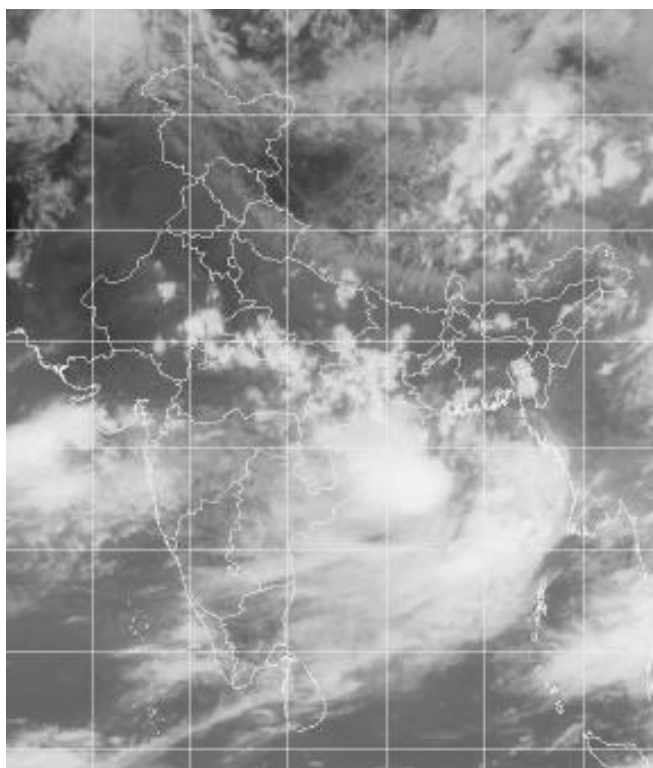
**Buy NCDEX- August Guar Seed** near 1835-1845 with target of 1890, and then 1915 Stop loss at 1815.

**Buy NCDEX- August Guar Gum** near 4750-4770 with target of 4810 then 4835 Stop loss at 4735.

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

| Commodity | Centres       | 01.07.06  | 30.06.06 | Change |
|-----------|---------------|-----------|----------|--------|
| Guar Seed | Bikaner       | 1800      | 1810     | -10    |
|           | Jodhpur       | 1915-1920 | 1925     | -5     |
|           | Nokha         | 1780      | 1780     | -      |
| Guar Gum  | Sriganganagar | 1790      | 1790     | -      |
|           | Jodhpur       | 4925      | 4950     | -25    |

## Satellite Picture of Monsoon Progress (01.07.06)



Source: IMD

- ✍ Yesterday's low pressure area over north Bay of Bengal now seen as a well marked low pressure area over the same region with associated upper air cyclonic circulation extending upto mid-tropospheric levels. The system is likely to concentrate into a depression. Under its influence, the rainfall activity is likely to increase over Gangetic West Bengal, Orissa, Jharkhand and Coastal Andhra Pradesh, with heavy to very heavy falls at a few places during next 2-3 days. As the system is expected to move westnorthwestwards subsequently, the rainfall activity over central India (Chhattisgarh, East Madhya Pradesh and Vidarbha) and Telangana is expected to increase. As the system starts moving inland after 2 days, the rainfall activity over Konkan & Goa, Madhya Maharashtra and south Gujarat is also likely to increase with heavy to very heavy falls at a few places and also extremely heavy rainfall at isolated places over these areas.
- ✍ The upper air cyclonic circulation over northeast Arabian Sea off Gujarat coast now lies over south Gujarat and north Konkan coasts extending between 2.1 and 7.6 km a.s.l. Under its influence fairly widespread rains with heavy to very heavy falls are likely at a few places over south Gujarat and Konkan region.
- ✍ The off shore trough extending from north Konkan to Karnataka coast persists.

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