

## GUAR DAILY

July 10, 2006

### GUAR

#### SPOT MARKETS:

The guar prices continued tight in different domestic market on good demand amidst meagre arrivals. The weak progress of S.W. monsoon increased the buyers' interest. There is a talk in market that 25-30 lac tonne Guar seed and 25,000 tonne of Guar Gum is kept, as stock all over the India and this led to increase speculation among the buyers. Moreover, bullish nature of futures market is also underpinning the physical market tone. Monsoon will play a crucial role in deciding the sentiments of upcoming market. 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 futures at the NCDEX witnessed sharply upwards trade on increased speculative buying following a firm opening. However, some selling pressure at the higher level curbed the some of the early advances and traded downwards thereafter. Finally the futures settled at positive territory with gains. The July contract traded in the range of 1945-2005, while the August contract fluctuated in the range of 1994-2051. The July contract for guar gum traded in the range of Rs. 5063-5173 while the August contract fluctuated in the range of 5140-5260 during weekend.

#### PRICE DRIVERS:

##### Bearish:

1. Confusion among traders on monsoon activity

##### Bullish:

2. Decreasing arrivals
3. Lower carry forward stocks
4. Bullish tone of futures market
5. Poor advancement of S.W. monsoon.

##### Weather:

Progress of rainfall in the coming weeks is crucial for the crop. Any shortfall of rain in the coming week may delay guar seed sowing.

#### Guar Prices at Major Markets in Rajasthan:

#### TECHNICALS:

The candlesticks showing bullish tone. The stochastic is bullish and moving upwards to overbought region. The MACD along with its EMA moving upwards, showing strength at medium term.

#### OUTLOOK:

The prices of guar seed as well as guar gum are expected to move 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.	1958	1920	2004	2070	2100
Guar gum Aug.	5055	5014	5151	5265	5300

#### INTRADAY TRADE RECOMMENDATION:

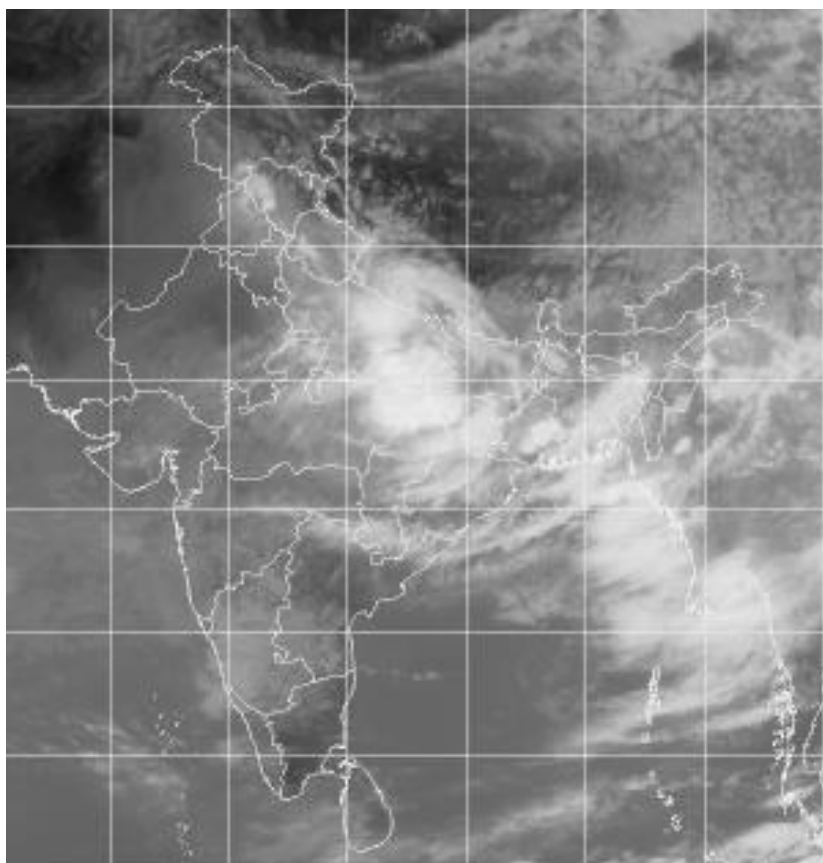
**Buy NCDEX- August Guar Seed** near 1980-1990 with target of 2035, and then 2060 Stop loss at 1960.

**Buy NCDEX- August Guar Gum** near 5110-5130 with target of 5200 then 5240 Stop loss at 5080.

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

Commodity	Centres	08.07.06	07.07.06	Change
Guar Seed	Bikaner	1880	1850	+30
	Jodhpur	2000	2000	-
	Nokha	1850	1840	+10
Guar Gum	Sriganganagar	1910	1885	+25
	Jodhpur	5200	5100-5150	+50

### Satellite Picture of Monsoon Progress (08.07.06)



**Source:** IMD

- ✍ The seasonal trough continues to run close to foothills of Himalayas.
- ✍ Heavy to very heavy falls are likely at a few places over northeastern states, Sub-Himalayan West Bengal & Sikkim, Bihar, East Uttar Pradesh and adjoining foothills of Himalayas during next 2-3 days.
- ✍ A western disturbance as an upper air system extending upto 3.1 km a.s.l. lies over north Pakistan and adjoining Jammu & Kashmir region. An induced cyclonic circulation lies over south Pakistan and neighbourhood extending upto 2.1 km a.s.l. This is likely to cause scattered rainfall activity over northwest India.

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