

GUAR DAILY

August 02, 2006

GUAR

SPOT MARKETS:

At the physical markets guar remained weak on the confusion over rainfall activity in the main guar producing belts. IMD's prediction of heavy rainfall over southern Rajasthan is underpinning the market tone. Some rainfall was witnessed in at the Bermer districts of Rajasthan. However, actors of guar spot market perceived that amount of rainfall are not good enough. Moreover, the lackluster trade in futures market has also governed the physical market sentiments. The long-term outlook for guar still remains bullish owing to low carry over stock and good export demand. Consequently, buyers remain active at the lower price tags. However, rainfall at this time would put a bearish impact on guar prices and vice-versa.

FUTURES MARKETS:

Guar futures at the NCDEX traded with a bearish sentiment following a higher opening. Increased selling pressure at the higher levels slid down the futures. Finally the futures settled at negative territory with losses. Guar Seed August contract traded in the range of 1955-1990, while the most-active September contract fluctuated in the range of 1988-2028. Guar Gum August contact traded in the range of 5020-5075, while the most-active September contract fluctuated in the range of 5082-5150.

PRICE DRIVERS:

Bearish:

1. Heavy to very heavy rainfall likely at a few places over South East Rajasthan
2. Lackluster trading in futures market

Bullish:

3. Talks of inadequate rainfall over guar producing areas
4. Anticipation of lower carry forward stock

WEATHER IMPACT:

Heavy to very heavy rainfall is likely at a few places over South East Rajasthan. Rainfall at present would help in the sowing of guar or vice-versa.

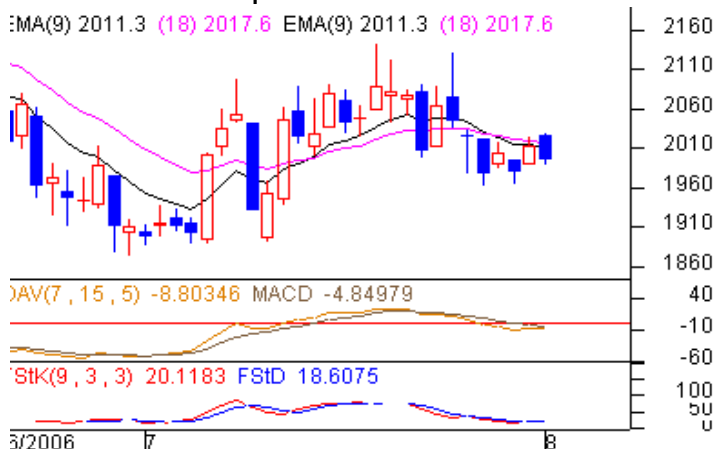
TECHNICALS:

Candlestick pattern is bearish. %K-line has entered the normal region and slightly bullish, hinting somewhat uptrend. MACD is showing short-term weakness. Prices closed just below 9-day and 18-day EMA, indicating bearish sentiments. Overall technical picture is pointing towards somewhat bearish sentiments.

OUTLOOK:

Guar seed is expected to trade slightly downwards initially following a steady to weak opening and upward movement later. Weather conditions need to be closely watched before taking any trading decision.

NCDEX Guar Seed September Contract



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
Guar Seed Sept	1966	1984	1997	2042	2060
Guar Gum Sept	5020	5042	5100	5176	5227

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- September Guar Seed at 1975-1985 with **target** of 2020 then 2040 **Stop loss** at 1960.

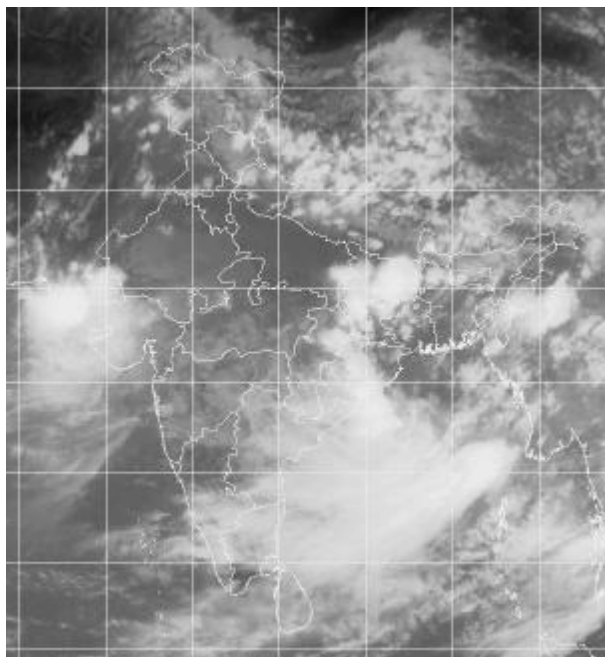
Buy NCDEX- September Guar Gum at 5065-5085 with **target** of 5120 then 5145 **Stop loss** at 5045.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	01.08.06	31.07.06	Change
Guar Seed	Bikaner	1900	1915	-15
	Jodhpur	2000	2020	-20
	Nokha	1870	1870	-
	Sriganganagar	1905	1910	-5
Guar Gum	Jodhpur	5120	5226	-106

SATELLITE PICTURE OF MONSOON PROGRESS (01.08.06)



ALL INDIA WEATHER FORECAST:

- Under the influence of yesterday's upper air cyclonic circulation a well marked low pressure area has formed over northwest Bay of Bengal off north Orissa-West Bengal coasts. The system is likely to concentrate into a depression during next 1-2 days and move in a west-northwesterly direction. Under its influence, rainfall activity has increased over Orissa. It is likely to further increase with scattered heavy to very heavy falls and isolated extremely heavy falls (more than 25 cm) over Orissa and extend into Chhattisgarh during next 2-3 days. Fairly widespread rainfall with isolated heavy to very heavy falls also likely over Gangetic West Bengal, north coastal Andhra Pradesh and Jharkhand. As the system moves west-northwestwards the enhanced rainfall activity is likely to shift towards Madhya Pradesh, Telangana, Maharashtra and Gujarat Region. Heavy to very heavy falls with isolated extremely heavy falls (more than 25 cm) is likely over Konkan & Goa (including Mumbai), Madhya Maharashtra and Gujarat region from around 4th onwards.

Heavy rainfall warning:

- Heavy to very heavy rainfall at a few places with extremely heavy (more than 25 cm) at isolated places is likely over Gujarat State, southeast Rajasthan and Orissa. Isolated heavy to very heavy falls also likely over north Madhya Maharashtra, north Konkan (including Mumbai), Gangetic West Bengal, Jharkhand, Chhattisgarh and north coastal Andhra Pradesh.

Outlook for subsequent two days from 0830 hours IST of 3rd August 2006 (Based on numerical weather products):

- The rainfall activity is likely to increase over central India and Maharashtra (including Mumbai), Goa and Gujarat.

Source: IMD

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