

GUAR DAILY

2nd, July 2007

SPOT MARKETS:

Amidst revised lower forecast by IMD coupled with good physical demand the prices of both guar seed and guar gum recovered at most mandis. IMD on June 29th revised lower its long period average (LPA) forecast to 93% from 95% predicted in April, which supported the market sentiment. Also it said that the July rainfall is expected to be 95%, which is favourable for guar cultivation. It is noted that the sowing of the commodity is mainly done in the month of July and reports of 95% rains in July may damage the crop, as guar is susceptible to water logging and water logging at any stage is detrimental to the crop growth and may results into sharp decline in the production. Further, good demand from exporters and millers are witnessed during the Saturday's trade. Meanwhile, sowing of the crop is gradually picking up pace in parts of Rajasthan and Haryana, sources reported. Total arrivals at the majority of markets reportedly stood at around 5000-5500 bags. Bikaner and Nokha received the arrivals of 100-150 bags each. Thus, considering the entire above factor some recovery is expected in short run.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. July contract opened firm at Rs 1612/qrtl, up Rs 2 against the previous close of Rs 1610/qrtl and traded down initially testing a low of Rs 1606/qrtl. However, prices recovered thereafter on increased buying interest and settled in the positive side. July contract traded in the range of Rs 1606-1662/qrtl. In July contract volume increased significantly while open interest declined marginally. Guar gum July contract traded in the range of Rs 4052-4200/qrtl

MCX Guar seed futures witnessed firm sentiment with bullish tone. The most active July contract opened firm at Rs 1573.0. Contract then traded up on increased buying interest testing a high of Rs 1610.0 and settled in the positive side. July contract traded in the range of Rs 1573.00-1610.00/qrtl.

PRICE DRIVERS:

1. Good demand from exporters & millers
2. IMD downwards its forecast to 93% LPA from 95% for this years monsoon
3. Rains over some part of Rajasthan, Haryana & Punjab
4. Reports of favorable monsoon progress
5. Expectation of normal to better monsoon
6. Ample stock position in the market
7. Good overseas demand
8. Selling pressure in the futures market

WEATHER IMPACT:

IMD revised downwards its forecast for this year's (Jun-Sept) monsoon to 93% LPA from 95% predicted in April. However, predicted 95% rains for July.

TECHNICALS:

Candlestick char pattern firmness in market. MACD and EMA favour for the bulls. MACD has made bullish crossover in the negative region. Stochastic has made bullish crossover in oversold region and RSI is rising in oversold region, which indicate for further firmness in market. Market is expected to trade up following steady to slightly firm opening with possibility of late downward movement.

OUTLOOK:

Guar seed futures are expected to trade range bound with firm bias.

NCDEX Guar Seed July Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed July.	1633	1646	1652	1696	1701
NCDEX Guar Gum July.	4141	4156	4174	4255	4271
MCX Guar Seed July.	1571	1581	1591	1650	1660

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- July Guar Seed above 1655 with target of 1675 then 1685. Stop loss near 1645.

BUY NCDEX- July Guar Gum below 4180 with target of 4215 then 4230 Stop loss near 4162.5.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

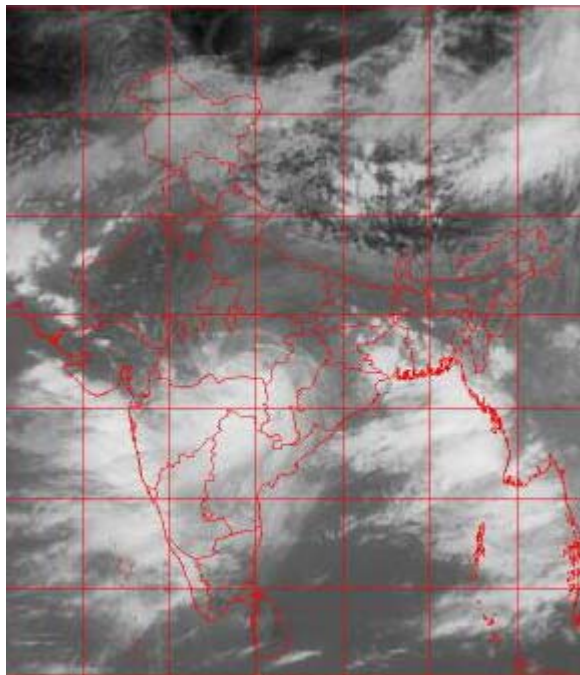
BUY MCX- July Guar Seed above 1595 with target of 1620 then 1630. Stop loss near 1582.5.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	30.06.07	29.06.07	Change
Guar Seed	Bikaner	1620	1560-70	+50
	Jodhpur	1740	1675	+65
	Nokha	1590	1530-40	+50
Guar Gum	Sriganganagar			
	Jodhpur	4250	4050	+200

SATELLITE IMAGE OF MONSOON PROGRESS (as on 30.06.07)



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