

GUAR DAILY

23rd, July 2007

SPOT MARKETS:

Guar seed and gum spot prices remained unchanged against lower arrivals on the back of normal physical demand. Cloudy sky over guar growing region of Rajasthan has prevented the upward movement of the price. Last few days dry spell over the region coupled with normal overseas demand and demand from the millers and processors have held the prices range bound despite the expectation of increased output. Although the sowing process is in full swing in Haryana, Gujarat and M.P., but it has been slowed down in Rajasthan due to shortage of rainfall. This year's favourable rainfall as well as good overseas demand provided an opportunity to guar farmers to shift to guar cultivation from other crops. Traders in Haryana expect 20 per cent increase of acreage in this crop season. Traders are also confident that the increased output could meet the growing overseas demand. Textile, oil and food industries from China, US, EU and Saudi Arabia have shown increased interest in India's guar gum split. India along with Pakistan hold 90 per cent share in world's total guar gum export. Total arrivals at the major markets of Rajasthan stood at around 2500-3000 bags, remain unchanged from Friday's, and with no arrival reported in Nokha and Bikaner. Normal overseas demand coupled with cloudy sky over the Rajasthan region may keep both guar gum and seed prices range bound.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. August contract opened weak at Rs. 1747/qrtl, down of Rs. 5 against the previous close of Rs 1752/qrtl and traded down initially testing a low of Rs. 1739/qrtl. However, prices recovered thereafter with some buying interest at lower level and settled in the positive territory. August contract traded in the range of Rs 1739-1771/qrtl and the July contract traded in the range of Rs 1700-1730/qrtl. In August contract open interest decreased marginally and volume declined significantly.

MCX Guar seed futures witnessed weak firm sentiment with bullish tone. The most active August contract opened weak at Rs 1697/qrtl against the previous close of Rs 1703/qrtl and traded down initially testing a low of Rs. 1690/qrtl. However, prices traded up thereafter on increased buying interest at lower level and finally settled in the positive region. August contract traded in the range of Rs 1690-1756/qrtl and the July contract traded in the range of Rs 1661-1684.5/qrtl. In August contract, volume and open interest declined marginally.

PRICE DRIVERS:

1. Normal overseas demand
2. Lower arrivals in the market
3. Dry Climate in last few days not favourable for Guar crops
4. Expectation of increased acreage
5. Production may be around 10 lakh tonnes

WEATHER IMPACT:

As per IMD prediction on 21st July, Isolated rain/thundershowers are likely over rest region during next 24 hours and increase thereafter.

TECHNICALS:

A small bullish candlestick has been formed with both upper and lower shadows. Price closed above EMA's, indicating firmness may continue in medium term. MACD has entered into positive region and rising smartly. RSI are rising in the neutral region favouring bulls. The Stochastic is moving up in over bought region and possibility of some technical correction can not be ruled out.

OUTLOOK:

Guar seed futures are expected to trade steady to slightly firm.

NCDEX Guar Seed August Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed August.	1725	1742	1763	1795	1810
NCDEX Guar Gum August.	4480	4508	4548	4625	4650
MCX Guar Seed August.	1690	1702	1727	1750	1760

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- August Guar Seed above 1755 with target of 1775 then 1785. Stop loss near 1745.

BUY NCDEX- August Guar Gum above 4535 with target of 4585 then 4610. Stop loss near 4510.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

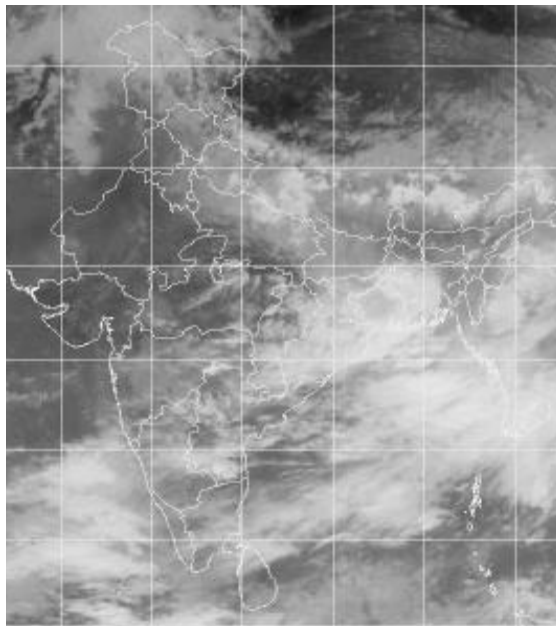
BUY MCX- August Guar Seed above 1715 with target of 1735, then 1745. Stop loss near 1705.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	20107.07	20.07.07	Change
Guar Seed	Bikaner	1700	1700	-
	Jodhpur	1810-1825	1810-1825	-
	Nokha	1675-80	1675-1680	-
Guar Gum	Sriganganagar			
	Jodhpur	4525	4525	-

SATELLITE IMAGE OF MONSOON PROGRESS (as on 21.07.07)



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