

GUAR DAILY

10th, July 2007

SPOT MARKETS:

The prices of both guar seed and guar gum declined at most of the major market in Rajasthan due weak physical demand and recent rains over Rajasthan. Recent rainfall over rest part of Rajasthan imparted bearishness in the market, as these rains favours guar cultivation. However, heavy rainfall is expected over East Rajasthan in next 48 hours which may damage the recently sown crop, as guar crop is susceptible to water logging. Traders offloaded their inventories due to fears of bumper production during the current crop season, traders reported. Further, improvement of stock position in exchange warehouses also affected the market sentiment during the Monday's trade. Total arrivals at the major markets of Rajasthan improved and reported at 3500-4000 bags with no arrival reported in Nokha and Bikaner.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. August contract opened weak at Rs 1715/qrtl, down Rs 4 against the previous close of Rs 1719/qrtl and traded up initially testing a high of Rs 1719/qrtl. However, prices skid thereafter erasing the early gains and hits 4% lower circuit before it close at Rs 1646/qrtl. August contract traded in the range of Rs 1636-1719/qrtl and the July contract traded in the range of Rs 1613-1693/qrtl. In August contract both volume and open interest increased significantly. Guar gum August contract traded in the range of Rs 4215-4375/qrtl and the July contract traded in the range of Rs 4146-4340/qrtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. The most active August contract opened weak at Rs 1659.0 against the previous close of Rs 1679.0 and traded up initially testing a high of Rs 1661.0. However, prices tumbled thereafter on increased selling pressure and settled in the negative side. August contract traded in the range of Rs 1612.00-1661.00/qrtl and the July contract traded in the range of Rs 1580.5-1630.0/qrtl.

PRICE DRIVERS:

1. Weak demand from exporters & millers
2. Improvement stocks in exchange warehouses
3. Slightly higher supply in the market
4. IMD downwards its forecast to 93% LPA from 95% for this years monsoon
5. Rainfall over rest part of Rajasthan region.
6. Expectation of normal to better monsoon
7. Ample stock position in the market
8. Good overseas demand
9. Flood like condition due to heavy rains in Sindh (Pakistan) may damage the crop

WEATHER IMPACT:

Heavy rainfall is expected over East Rajasthan and Gujarat. 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 chart shows weakness in prices. Prices closed far below the 9 and 18 days EMA indicating further weakness in prices. MACD turned downwards in the negative region. Both Stochastic and RSI is moving downward in the neutral region. Market is expected to trade downward following steady to slightly firm opening with possibility of late upward movement.

OUTLOOK:

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

NCDEX Guar Seed August Contract:



SUPPORT / RESISTANCES (NCDEX and MCX):

Contract	S2	S1	PCP	R1	R2
NCDEX Guar Seed August.	1607	1613	1646	1664	1672
NCDEX Guar Gum August.	4180	4198	4243	4270	4289
MCX Guar Seed August.	1588	1598	1625	1642	1650

INTRADAY TRADE RECOMMENDATION (NCDEX):

SELL NCDEX- August Guar Seed below 1653 with target of 1633 then 1623. Stop loss near 1663.

SELL NCDEX- August Guar Gum below 4256 with target of 4225 then 4211. Stop loss near 4272.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

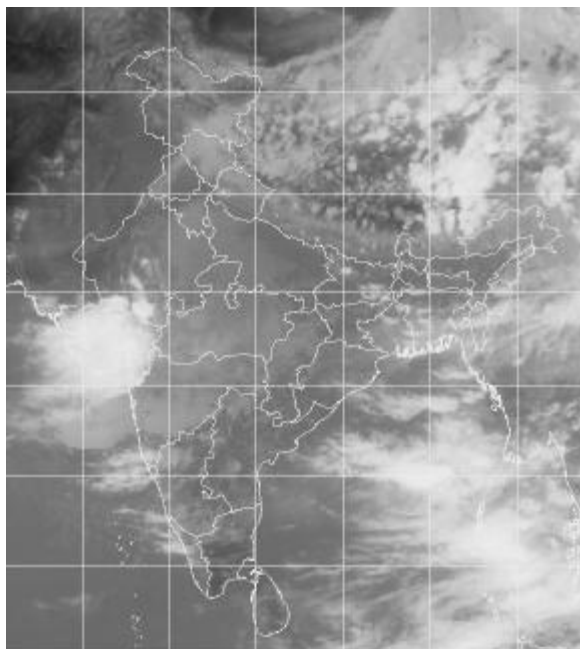
SELL MCX- August Guar Seed below 1630 with target of 1620 then 1610. Stop loss near 1640.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	09.07.07	07.07.07	Change
Guar Seed	Bikaner	1550-60	1635	-75
	Jodhpur	1720	1770	-50
	Nokha	1510-20	1600-10	-90
Guar Gum	Sriganganagar			
	Jodhpur	4225-30	4375-4400	-170

SATELLITE IMAGE OF MONSOON PROGRESS (as on 09.07.07)



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