

GUAR DAILY

5th, July 2007

SPOT MARKETS:

Guar seed and guar gum prices improved at most of the major markets during the Wednesday's on good physical demand against lower arrival. Talks of damage of recently sown crop (which is in the vegetative stage) due to continuous rains over the NW part of India particularly Gujarat, Haryana and in some parts of Rajasthan imparted bullishness. 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. As per IMD, heavy to very heavy rainfall is expected over the southwest and east Rajasthan in next 48 hours and the SW monsoon has covered the entire Rajasthan region, which affected the arrival in the market resulting into improvement in prices. Arrivals at the majority of markets declined during the Wednesday's trade and stood at around 3500-4000 bags with no arrivals reported in Nokha and Bikaner. Further, good demand from exporters and millers reportedly in the market.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures observed firm sentiment with bullish tone. July contract opened weak at Rs 1636/mtl, down Rs 11 against the previous close of Rs 1647/mtl and traded down initially testing a low of Rs 1625/mtl. However, prices recovered thereafter on renewed buying interest with some profit taking at higher levels and managed to settle in the positive side. July contract traded in the range of Rs 1625-1687/mtl. In July contract volume increased while open interest declined. Guar gum July contract traded in the range of Rs 4175-4300/mtl.

MCX Guar seed futures witnessed firm sentiment with bullish tone. The most active July contract opened firm at Rs 1615.0 against the previous close of Rs 1593.5. Contract then traded up on increased buying interest with some profit booking at higher level but managed to settle in the positive side. July contract traded in the range of Rs 1615.00-1641.00/mtl.

PRICE DRIVERS:

1. Good demand from exporters & millers
2. IMD downwards its forecast to 93% LPA from 95% for this years monsoon
3. RepRains 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:

SW monsoon further advanced into the rest part of Rajasthan. 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 pattern shows firmness in prices. Closing prices is between the short-term EMAs indicating short term firmness. MACD is rising in the negative region, which shows decrease in bearish momentum. Both Stochastic and RSI is rising in the neutral region indicating further firmness in prices. 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.	1651	1663	1673	1717	1735
NCDEX Guar Gum July.	4200	4226	4247	4335	4353
MCX Guar Seed July.	1607	1620	1629	1684	1697

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- July Guar Seed above 1680 with target of 1700 then 1710. Stop loss near 1670.

BUY NCDEX- July Guar Gum below 4260 with target of 4295 then 4313. Stop loss near 4243.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

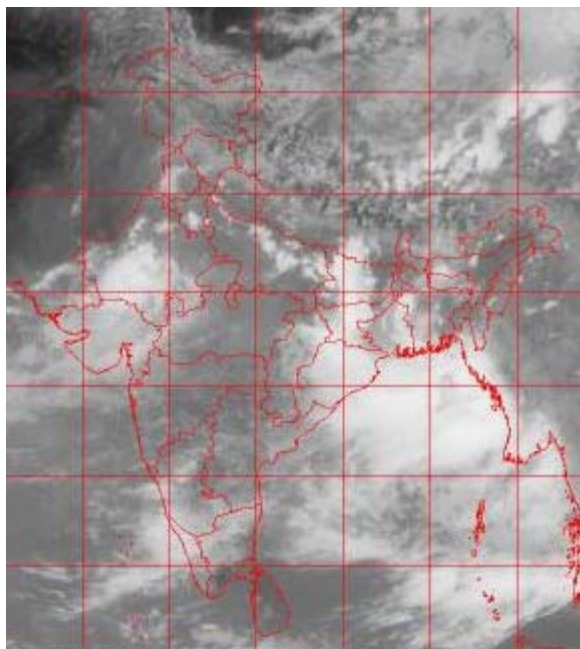
BUY MCX- July Guar Seed above 1633 with target of 1658 then 1668. Stop loss near 1621.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	04.07.07	03.07.07	Change
Guar Seed	Bikaner	1635	1610	+25
	Jodhpur	1760	1720	+40
	Nokha	1610	1590	+20
Guar Gum	Sriganganagar			
	Jodhpur	4310	4250	+60

SATELLITE IMAGE OF MONSOON PROGRESS (as on 04.07.07)



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