

## GUAR DAILY

16th, July 2007

### SPOT MARKETS:

Guar gum and seed spot prices remained steady during the Saturday's trade in all the major markets on normal physical demand against the lower arrivals. All the major markets witnessed normal demand from the exporters as well as millers. As per report from trade sources, millers and exporters are interested to trade at lower price level because of the expectation of bumper production this year. Due to good monsoon over the guar growing regions in last week, guar sowing has picked up its pace in Rajasthan and Haryana. The sowing has also started in full sowing in the flood hit Gujarat. Weather outlook is also favourable for sowing of guar crops in Haryana and north Rajasthan. The traders also believed that a spell of good rain in next few days will be beneficial for guar crops. Guar is a rain fed crop and for its growth, it needs water but excessive rainfall may damage the crop as well as the output as it is susceptible to water logging. However, the lower arrivals continued in the markets as stockiest are hoarding stocks in anticipation of price rise. Lower stocks in the exchange warehouses also prevented the downward movement of market. However, a normal demand from the millers and exporters coupled with the expectation of rainfall over the region may bring bearishness in the short term. Total arrivals at the major markets of Rajasthan stood at around 3000 bags with no arrival reported in Nokha and Bikaner. Guar seed stocks at NCDEX accredited warehouses stood at 25,880 tonnes as on July 13, slightly down from Friday's stock.

### FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed firm sentiment with bullish tone. August contract opened weak at Rs. 1711/qrtl, up of Rs. 7 against the previous close of Rs 1718/qrtl and traded down initially testing a low of Rs. 1706/qrtl. However, prices traded up thereafter on some buying interest at lower level and settled at Rs. 1717/qrtl. August contract traded in the range of Rs 1706-1724/qrtl and the July contract traded in the range of Rs 1680-1694/qrtl. In August contract open interest decreased marginally and volume declined significantly.

MCX Guar seed futures witnessed firm sentiment with bullish tone. The most active August contract opened weak at Rs 1667 against the previous close of Rs 1678.5 and traded down initially testing a low of Rs 1662. However, prices recovered thereafter on some buying interest at lower level and settled at Rs. 1667. August contract traded in the range of Rs 1662-1675/qrtl and the July contract traded in the range of Rs 1625-1645/qrtl. In August contract, both volume and open interest declined marginally.

### PRICE DRIVERS:

1. Normal demand from exporters & millers
2. Lower arrivals in the market
3. Stockiest hoarding
4. Expectation of increase of acreage
5. Production may touch 10 lakh tonnes

### WEATHER IMPACT:

IMD predicted till July 17, rain/thundershowers are likely at a few places over the region outside West Rajasthan where it may be isolated. 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 slight firmness in prices. MACD has moved into positive region. Both the Stochastic and RSI are heading up in the neutral region indicating firmness in prices for short term. Prices are finding good buying support at lower levels.

### 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.	1706	1712	1717	1744	1754
NCDEX Guar Gum August.	4358	4371	4395	4433	4447
MCX Guar Seed August.	1645	1656	1667.5	1707	1702

### INTRADAY TRADE RECOMMENDATION (NCDEX):

**BUY** NCDEX- August Guar Seed above 1721 with target of 1729 then 1737. Stop loss near 1717.

**BUY** NCDEX- August Guar Gum above 4392 with target of 4408 then 4426. Stop loss near 4385.

**Do not carry forward the position until the next day.**

### INTRADAY TRADE RECOMMENDATION (MCX):

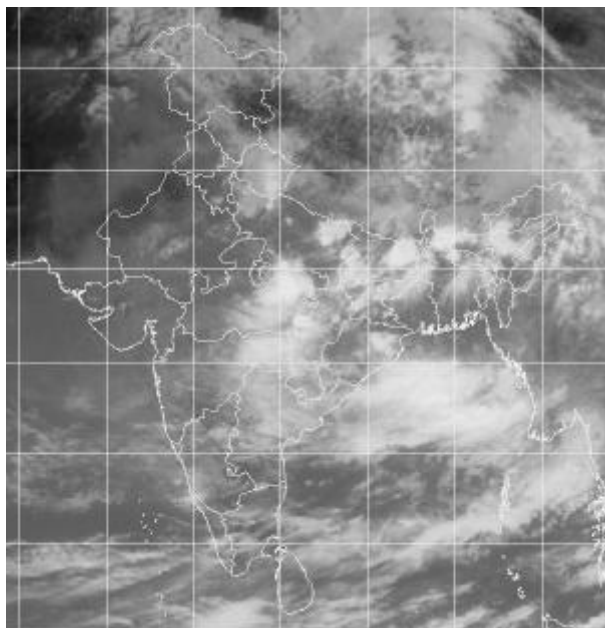
**BUY** MCX- August Guar Seed above 1671 with target of 1685, then 1699. Stop loss near 1665.

**Do not carry forward the position until the next day.**

## GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	14.07.07	13.07.07	Change
Guar Seed	Bikaner	1625-30	1640-50	-20
	Jodhpur	1760-70	1775-85	-15
	Nokha	1620-30	1630-40	-10
Guar Gum	Sriganganagar			
	Jodhpur	4400	4400	-

## SATELLITE IMAGE OF MONSOON PROGRESS (as on 14.07.07)



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