

GUAR DAILY

4th, July 2007

SPOT MARKETS:

Guar seed and guar gum prices declined during the Tuesday's trade on reports of rains over Gujarat and Haryana. Reports of heavy rainfall over Gujarat and Haryana regions coupled with reports of drizzles over the parts of Rajasthan imparted bearishness in the market. Sources reported that the traders are watching the progress of monsoon over Rajasthan where guar is largely grown. If monsoon progress well then prices are expected to slump further. According to IMD, isolated heavy rainfalls are likely over south Rajasthan in next 1-2 days. Thus, prices are likely to remain weak in coming days. Further, good demand from exporters and millers reportedly in the market at lower price levels. Total arrivals at most of the major markets reportedly stood at around 5000-5500 bags with no arrivals reported in Bikaner and Nokha.

FUTURES MARKETS (NCDEX & MCX):

NCDEX Guar seed futures witnessed weak sentiment with bearish undertone. July contract opened weak at Rs 1651/qrtl, down Rs 10 against the previous close of Rs 1661/qrtl and traded up initially testing a high of Rs 1655/qrtl. However, prices tumbled on increased selling pressure coupled with the reports heavy rains over Gujarat and Haryana and finally settled in the negative side. July contract traded in the range of Rs 1627-1655/qrtl. In July contract volume declined significantly while open interest declined marginally. Guar gum July contract traded in the range of Rs 4140-4225/qrtl.

MCX Guar seed futures witnessed weak sentiment with bearish undertone. The most active July contract opened weak at Rs 1600.0 against the previous close of Rs 1615.5 and traded up initially testing a high of Rs 1614.5. However, futures traded down thereafter on increased selling pressure and finally settled in the negative side. July contract traded in the range of Rs 1581.50-1614.50/qrtl.

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:

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 indecision in the market. Long lower shadow of candlestick reflects good buying support at lower level. Closing prices is between the 9 & 18 days EMA indicating short-term firmness. MACD is rising in the negative region and about to make bullish cross over. Stochastic is rising in the neutral region while RSI is moving down in the neutral region. Market is expected to trade range bound with firm bias.

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.	1632	1643	1645	1696	1707
NCDEX Guar Gum July.	4160	4182	4200	4279	4298
MCX Guar Seed July.	1569	1581	1593	1646	1658

INTRADAY TRADE RECOMMENDATION (NCDEX):

BUY NCDEX- July Guar Seed above 1656 with target of 1676 then 1686. Stop loss near 1646.

BUY NCDEX- July Guar Gum below 4215 with target of 4245 then 4260. Stop loss near 4200.

Do not carry forward the position until the next day.

INTRADAY TRADE RECOMMENDATION (MCX):

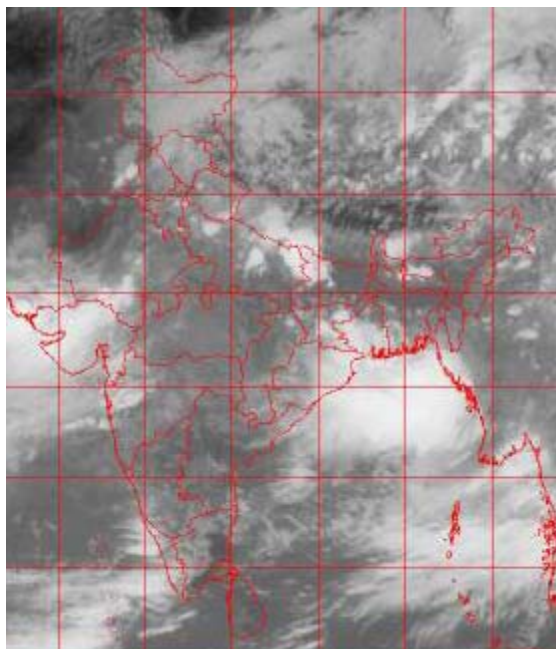
BUY MCX- July Guar Seed above 1601 with target of 1621 then 1631. Stop loss near 1591.

Do not carry forward the position until the next day.

GUAR PRICES AT MAJOR MARKETS IN RAJASTHAN:

Commodity	Centres	03.07.07	02.07.07	Change
Guar Seed	Bikaner	1620	1630-40	-20
	Jodhpur	1730	1760	-30
	Nokha	1590	1600	-10
Guar Gum	Sriganganagar			
	Jodhpur	4275	4300	-25

SATELLITE IMAGE OF MONSOON PROGRESS (as on 03.07.07)



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