

## GUAR DAILY

May 31, 2006

### GUAR

#### SPOT MARKETS:

The guar prices remained bearish in all of the domestic markets due to rapid speculative selling in futures market, which was influenced by rapid advance of monsoon, weak arrivals and decreasing seller activity in spot markets. The sluggish export demand also underpinning market sentiments. Moreover, bearish tone of the futures market kept away the sellers from market. The buyers have been waiting for the upward trade in the futures market. The demand from millers remained at steady on meagre arrivals. Traders attributed that the guar prices would be recovered soon in the coming futures. Everybody related with guar trading eyeing towards futures market sentiments as well as monsoon progress.

#### FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed some upwards trade initially on increased buying support following a weak opening. However, increased speculative selling pressure at higher levels capped the early gains and slid to much lower level thereafter. The futures settled at much lower with huge losses in final action. The near month June contract for guar seed traded in the range of 1759-1858 while the July contract fluctuated in the range of 1806-1912. The near month June contract for guar gum traded in the range of Rs. 4381-4635 while the July contract fluctuated in the range of 4491-4731 during Monday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Early advancement of S.W. Monsoon.
2. Lower activity of sellers amidst good demand
3. Sluggish export demand

##### Bullish:

4. Some demand from millers as well as stockists
5. Decreasing arrivals

#### Weather

Isolated duststorm/thunderstorm may occurred over Rajasthan. If the monsoon now advances without any delay it will benefit the farmers and sowing of guar seed in advance but it is important to see the spread of the rains during the entire season.

#### TECHNICALS:

A black body occurred. The stochastic is bullish. The %K line after crossing %D line from above and moving northwards after crossing oversold region showing some uptrend. The MACD along with its EMA moving southwards showing downtrend at medium term.

#### OUTLOOK:

The prices of guar seed as well as guar gum are expected to move downwards initially following a weak opening and some upward movement thereafter.

#### NCDEX July Contract



#### SUPPORT / RESISTANCES:

| Contract       | S1   | S2   | PCP  | R1   | R2   |
|----------------|------|------|------|------|------|
| Guar seed July | 1800 | 1768 | 1853 | 1950 | 1984 |
| Guar gum July  | 4511 | 4437 | 4620 | 4897 | 4972 |

#### INTRADAY TRADE RECOMMENDATION:

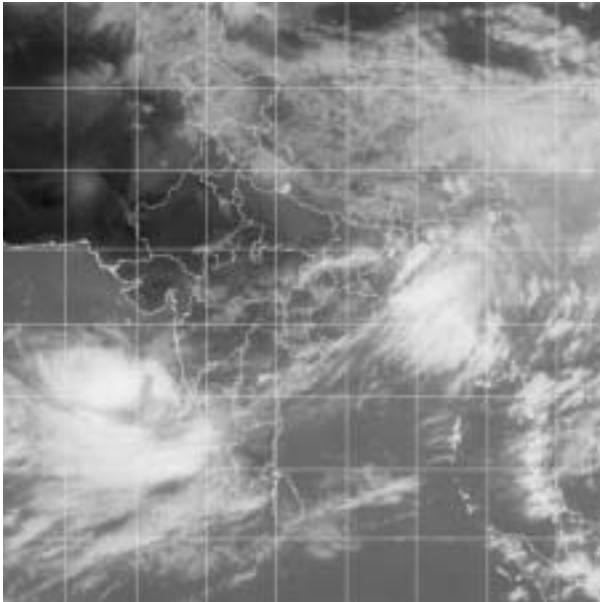
**Buy NCDEX- July Guar Seed** near 1830-1840 with target of 1875, and then 1897 Stop loss at 1813.

**Buy NCDEX- July Guar Gum** near 4580-4600 with target of 4650 then 4680. Stop loss at 4560.

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

| Commodity | Centres       | 30.05.06 | 29.05.06 | Change |
|-----------|---------------|----------|----------|--------|
| Guar Seed | Bikaner       | 1800     | 1820     | -20    |
|           | Jodhpur       | 1900     | 1950     | -50    |
|           | Nokha         | 1700     | 1768     | -68    |
| Guar Gum  | Sriganganagar | 1720     | 1765     | -45    |
|           | Jodhpur       | 4800     | 4950     | -150   |

## Satellite Picture of Monsoon Progress



Source: IMD

Conditions are favourable for further advance of southwest monsoon over remaining parts of North Interior Karnataka, some more parts of Konkan and parts of south Madhya Maharashtra during next 48 hours.

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