

## GUAR DAILY

May 18, 2006

### GUAR

#### SPOT MARKETS

The guar prices in all of the spot markets in the country remained bearish tone on the almost sideways sentiments of futures market. NCMRWF's prediction that in India Monsoon likely to arrive 2 days ahead of schedule is somewhat underpinning the market sentiments. The stockist reportedly buying guar seed at lower price levels to hedge it against futures in NCDEX as reported by some traders. Millers were also active in lower price levels. However, the traders are optimistic of rising prices at coming futures. The prices of guar seed as well as guar gum are expected to move slightly downwards initially following a steady to weak opening and some upward movement later.

#### FUTURES MARKETS:

The guar futures at the NCDEX witnessed moderately upwards trade on increased buying support following a weak opening. However, at some higher levels some profit booking interest capped the early gains and traded some downwards thereafter. Finally the futures settled lower at some losses. The June contract for guar seed fluctuated in the range of 1978-2187. The June contract for guar gum fluctuated in the range of 4940-5454. At the spot markets guar seed and gum was quoted lower at Rs.2075 and 5252 per quintal respectively in Jodhpur market.

#### PRICE DRIVERS:

##### Bullish:

1. Steady arrivals at lower levels
2. Higher demand at lower price levels

##### Bearish:

1. Monsoon likely to arrive 2 days ahead of schedule
2. Lower demand at higher price levels

#### Weather

Heat wave conditions prevail over northwest Rajasthan where day temperatures are above 45°C. There are likely to abate during next 48 hours. The showing of guar seed will start on July

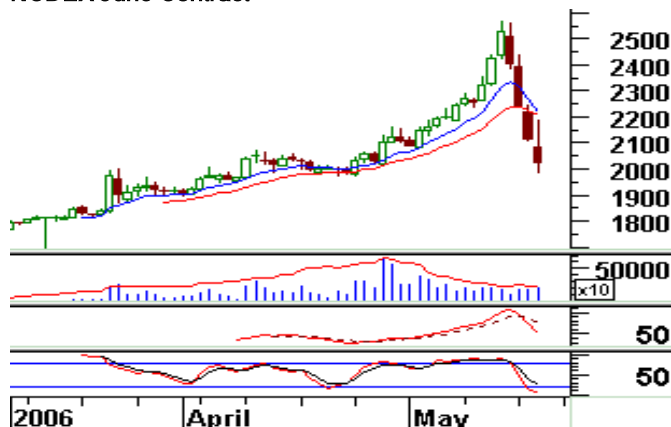
#### TECHNICALS

A big black candle occurred. This is bearish, as prices closed significantly lower than they opened. Stochastic is bearish, and moving downwards to oversold region. The MACD along with its EMA moving southwards showing further downtrend.

#### OUTLOOK

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

#### NCDEX June Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed June	1970	1930	2018	2105	2149
Guar gum June	4900	4787	5000	5146	5230

#### INTRADAY TRADE RECOMMENDATION:

**Buy NCDEX- June Guar Seed** near 1995 with target of 2025, and then 2040 Stop loss at 1800.

**Buy NCDEX- June Guar Gum** near 4960 with target of 5110 then 5135. Stop loss at 4935.

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

Commodity	Centres	17.04.06	16.04.06	Change
Guar Seed	Bikaner	1925-1950	2050	-100
	Jodhpur	2075	2125	-50
	Nokha	1900-1925	1950-1970	-45
Guar Gum	Sriganganagar	1900	2100	-200
	Jodhpur	5252	5600	-348

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