

GUAR DAILY

May 19, 2006

GUAR

SPOT MARKETS

The guar prices in all of the spot markets in the country witnessed somewhat bullish to steady sentiments on the comparatively higher trading of futures market. Increased buying interest amidst lower arrivals mainly underpinning the market tone. Millers were active buyers even at some higher price levels. The stockists have been buying guar seed at to hedge it against futures in NCDEX as reported by some traders. Traders are optimistic about the further bullish tone of guar seed in coming futures. However, the upcoming monsoon sentiments and showing acreage of guar will determine the upcoming prices of guar.

FUTURES MARKETS:

The guar futures at the NCDEX witnessed some upwards trade initially on increased buying support following a firm opening. However, at some higher levels some profit booking interest capped the early gains but buyers were remain active at lower levels and supported the futures again and traded some upwards thereafter. Finally the futures settle at positive territory with some gains. The June contract for guar seed fluctuated in the range of 1976-2073. The June contract for guar gum fluctuated in the range of 4928-5150 during Thursday's trade.

PRICE DRIVERS:

Bullish:

1. Steady arrivals at lower levels
2. Increase demand even at higher price levels
3. IMD's prediction of below normal rainfall

Bearish:

1. Monsoon likely to arrive 2 days ahead of schedule

Weather

Southwest monsoon has further advanced into some parts of southwest Bay and some more parts of southeast Bay and most parts of Andaman Sea. Conditions are favourable for further advance of southwest monsoon into some more parts of southwest & southeast Bay. Traders are closely watching the monsoon sentiments for further decision.

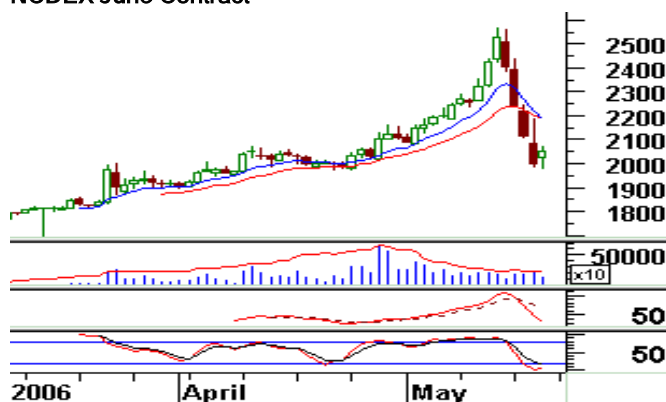
TECHNICALS

A white body occurred. This is bullish as prices closed higher than they opened. Stochastic is bullish, and moving upwards to normal region after crossing over bought region showing some up trend. 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 some upwards initially following a steady to weak opening with possibility of late downwards movement.

NCDEX June Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed June	2000	1971	2053	2133	2168
Guar gum June	5024	4955	5090	5269	5320

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- June Guar Seed near 2040 with target of 2070, and then 2085 Stop loss at 2025.

Buy NCDEX- June Guar Gum near 5040 with target of 5100 then 5130. Stop loss at 5010.

Do not carry forward the position until the next day.

Commodity	Centres	18.04.06	17.04.06	Change
Guar Seed	Bikaner	1960	1925-1950	+10
	Jodhpur	2075	2075	-
	Nokha	1925	1900-1925	-
Guar Gum	Sriganganagar	1920	1900	+20
	Jodhpur	5302	5252	+50

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