

GUAR DAILY

May 24, 2006

GUAR

SPOT MARKETS:

The guar prices witnessed on an average a bearish tone in all of the spot markets in the country and mainly following the bearish trading activity in futures market. The demand was reportedly steady at some lower sides and reportedly 600-1000 bags/day in Jodhpur market, whereas, 200-300 bags/day in Bikaner market. Most of the arrivals were coming from godown. The sowing of guar already started in some parts of Haryana although in a small scale. The initial showing couples with favourable weather condition underpinning the market sentiments. However millers demand for processing guar seed remain at higher sides. Traders have been optimistic of rising guar seed prices in coming futures.

FUTURES MARKETS:

The guar futures at the NCDEX witnessed moderately upwards trade initially on increased buying support following a firm opening. However, increased selling interest at the higher levels pressurised the futures and traded downwards thereafter. Finally the futures settled at negative territory with losses. The near month June contract for guar seed traded in the range of 1947-2043, while the July contract fluctuated in the range of 2020-2137. The near month June contract for guar gum traded in the range of Rs. 4825-5055, while the July contract fluctuated in the range of 4956-5195.

PRICE DRIVERS:

Bullish:

1. Steady arrivals at lower levels

Bearish:

2. Selling pressure in futures market
3. Progress of monsoon and favourable weather.
4. Sowing of guar seed in small parts of Haryana

Weather

Isolated dust-storm/thunder-storm may occur over Rajasthan. Guar price will likely to move towards bearish sides if rainfall occurred. Traders have been closely watching towards monsoon rainfall.

TECHNICALS:

A black body occurred. An engulfing bearish line occurred. During a downtrend, it may be a last engulfing bottom, which indicates a bullish reversal. Stochastic is slightly bullish, and moving upwards to normal 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 downwards initially following a steady to firm opening and upward movement thereafter.

NCDEX July Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	2021	1996	2064	2155	2199
Guar gum July	4905	4857	5031	5284	5349

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- July Guar Seed near 2045 with target of 2085, and then 2105 Stop loss at 2025.

Buy NCDEX- July Guar Gum near 4980 with target of 5040 then 5070. Stop loss at 4950.

Do not carry forward the position until the next day.

Commodity	Centres	23.04.06	22.04.06	Change
Guar Seed	Bikaner	1920	1940	-20
	Jodhpur	2050	2080	-30
	Nokha	1880	1898	-18
	Sriganganagar	1870	1900	-30
Guar Gum	Jodhpur	5200	5122	+78

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>