

## GUAR DAILY

June 01, 2006

### GUAR

#### SPOT MARKETS:

The guar prices remained steady in all of the domestic markets due to almost sideways trading in futures market, which was influenced by the confusion over rapid advance of monsoon. Sellers were remained inactive at lower price level. The sluggish export demand also underpinning market sentiments. Moreover, some bullish tone of the futures market did not allow the prices of spot to move downwards further. The buyers have been waiting for the upward trade in the futures market. The demand from millers remained at steady on meagre arrivals. 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 almost sideways trade following a weak opening. The futures traded upwards initially on increased buying support following a weak opening. However, increased speculative selling pressurised the futures at the higher levels throughout the day. Finally the futures managed to settle at positive territory with some gains. The near month June contract for guar seed traded in the range of 1782-1833 while the July contract fluctuated in the range of 1828-1888. The near month June contract for guar gum traded in the range of Rs. 4495-4598 while the July contract fluctuated in the range of 4570-4700 during Wednesday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Early advancement of S.W. Monsoon.
2. Lower activity of sellers at lower prices

##### Bullish:

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

#### Weather

Southwest monsoon has further advanced into some more parts of Konkan, North Interior Karnataka. 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:

Candlesticks are somewhat bullish. The stochastic is bullish. The %K line likely to cross %D line from below 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 upwards following a steady to firm opening with possibility of some downward movement later.

#### NCDEX July Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	1811	1787	1867	1950	1984
Guar gum July	4540	4474	4681	4845	4900

#### INTRADAY TRADE RECOMMENDATION:

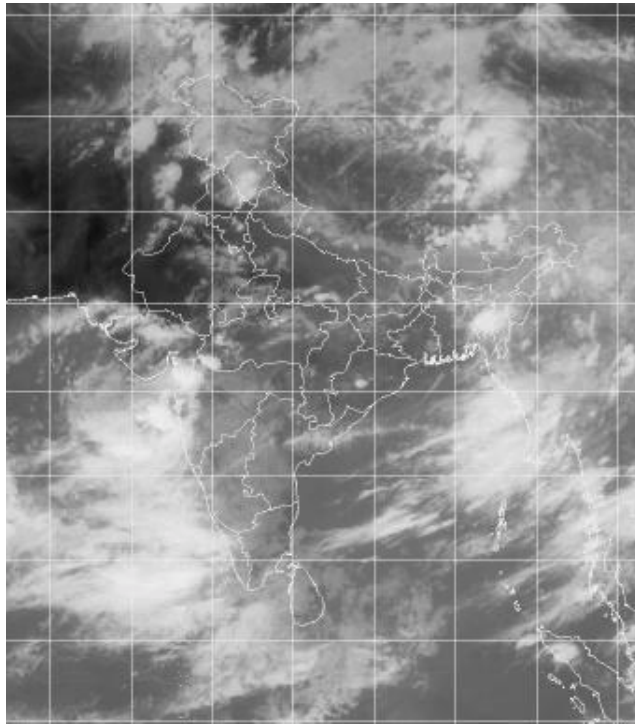
**Buy NCDEX- July Guar Seed** near 1845-1855 with target of 1890, and then 1910 Stop loss at 1830.

**Buy NCDEX- July Guar Gum** near 4630-4650 with target of 4700 then 4730. Stop loss at 4610.

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

Commodity	Centres	31.05.06	30.05.06	Change
Guar Seed	Bikaner	1800	1800	-
	Jodhpur	1900-1925	1900	+25
	Nokha	1700	1700	-
	Sriganganagar	1720	1720	-
Guar Gum	Jodhpur	4825	4800	+25

## 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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