

## GUAR DAILY

May 22, 2006

### GUAR

#### SPOT MARKETS

The guar prices in all of the spot markets in the country witnessed some steady to bearish sentiments on sharply downwards trading in the futures market. However, millers were active buyers even at higher price levels. Stockists remained silence. The arrivals of guar seed decreasing and reportedly 600-1000 bags/day in Jodhpur market, whereas, 200-300 bags/day in Bikaner market. The lower arrivals amidst steady demand is factorising market tone. Present favourable weather is also underpinning the market sentiments. Traders have been closely watching the movement of monsoon. Traders are optimistic about the further bullish tone of guar seed in coming futures.

#### FUTURES MARKETS:

The guar futures at the NCDEX witnessed moderately downwards trade on increased speculative selling interest following a firm opening. Speculative selling motives pressurised the futures throughout the day and slid to very lower level. Finally the futures settled lower with huge losses. The near month June contract for guar seed traded in the range of 1990-2118, while the July contract fluctuated in the range of 2074-2217 during weekend. For guar gum the near month June contract traded in the range of Rs. 4925-5239, while the July contract fluctuated in the range of 5050-5380.

#### PRICE DRIVERS:

##### Bullish:

1. Steady arrivals at lower levels
2. IMD's prediction of below normal rainfall

##### Bearish:

1. Favorable progress of monsoon
2. Lower demand at higher price levels

#### Weather

Isolated duststorm/thunderstorm may occur over Rajasthan. Traders as well as stockists have been closely watching the advances of monsoon for further decision. Farmers have been closely eyeing towards rainfall to take decision about showing of guar seed.

#### TECHNICALS

An engulfing bearish pattern occurs during a downtrend, it may be a last engulfing bottom that indicates a bullish reversal. Stochastic is bullish, and moving upwards to normal region after crossing over sold region %K line crossed % D line from the below 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 slightly downwards initially following a steady to firm opening and some upwards movement thereafter.

#### NCDEX July Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed June	2027	2000	2087	2171	2209
Guar gum June	5000	4974	5100	5259	5345

#### INTRADAY TRADE RECOMMENDATION:

**Buy NCDEX- June Guar Seed** near 2060 with target of 2100, and then 2120 Stop loss at 2040.

**Buy NCDEX- June Guar Gum** near 5060 with target of 5120 then 5150. Stop loss at 5030.

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

Commodity	Centres	20.04.06	19.04.06	Change
Guar Seed	Bikaner	1960	1960	-
	Jodhpur	2125	2125	-
	Nokha	1872	1925	-53
	Sriganganagar	1900	1940	-40
Guar Gum	Jodhpur	5250	5460	-210

#### 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>