

GUAR DAILY

May 15, 2006

GUAR

SPOT MARKETS

The guar prices in majority of the spot markets in the country witnessing bearish tone and following the sharply bearish sentiments of futures market. NCMRWF prediction that in India Monsoon likely to arrive 2 days ahead of schedule underpinning the tone. The stockist reportedly buying guar seed to hedge it against futures in NCDEX as reported by some traders. However, traders are optimistic the recovery of the prices in coming days. The prices of guar seed as well as guar gum are expected to move some downwards initially following a steady to weak opening with possibility of slightly upward movement later.

FUTURES MARKETS:

The guar futures at the NCDEX witnessed sharply downwards trade initially on increased selling pressure following a weak opening. The futures pressurised by continuous selling interest throughout the day and finally settled at day's low with huge losses. The June contract for guar seed fluctuated in the range of 2236-2435. The June contract for guar gum traded in the range of 5580-5943. At the spot markets guar seed was quoted much lower at Rs.2200 per quintal and guar gum was offered much lower at Rs.5700 per quintal in Jodhpur market during evening session of the trade.

PRICE DRIVERS:

Bullish:

1. Steady arrivals at lower levels
2. Demand from millers 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 continue to prevail over north Rajasthan and parts of west Haryana where day temperatures are still above 45°C. These heat wave conditions may abate during next 1-2 days.

TECHNICALS

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

NCDEX June Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
Guar seed June	2126	2096	2292	2326
Guar gum June	5376	5299	5705	5766

INTRADAY TRADE RECOMMENDATION:

Sell NCDEX- June Guar Seed near 2255 with target of 2225, and then 2200 Stop loss at 2270.

Sell NCDEX- June Guar Gum near 5620 with target of 5560 then 5530. Stop loss at 5650.

Do not carry forward the position until the next day.

Commodity	Centres	15.04.06	13.04.06	Change
Guar Seed	Bikaner	2150	2200	-50
	Jodhpur	2200	2330	-130
	Nokha	Closed	2090	-
Guar Gum	Sriganganagar	Closed	2175	-
	Jodhpur	5700	5750	-150

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