

## GUAR DAILY

May 20, 2006

### GUAR

#### SPOT MARKETS

The guar prices in all of the spot markets in the country witnessed some bullish to steady sentiments and following the higher trading activities of futures market. Increased buying interest of millers and traders at some higher levels as against lower arrivals also underpinning market tone. There is a mix response about the monsoon attitude. Some traders reported from their past experience that arrivals of monsoon before normal date resulting into less amount of rainfall. Therefore, traders have been closely watching the movement of monsoon. 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 downwards trade initially on increased selling pressure following a mix opening. However, increased buying support at lower level traded upwards thereafter. Finally the futures settled at positive territory with some gains. The June contract for guar seed fluctuated in the range of 2025-2116. The June contract for guar gum fluctuated in the range of 5035-5249 during Thursday's trade. At the spot markets guar seed as well as guar gum was quoted higher at Rs.2125 and Rs.5460 per quintal in Jodhpur market during evening session of the 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 & southeast Bay and Andaman Sea. Traders as well as stockists have been closely watching the advances of monsoon for further decision.

#### TECHNICALS

A white body occurred. This is bullish. Stochastic is bullish, and moving upwards to normal region after crossing over bought region %K line likely to cross % 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 some upwards initially following a firm opening with possibility of late downwards movement.

#### NCDEX June Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed June	2076	2049	2112	2190	2229
Guar gum June	5177	5123	5237	5380	5450

#### INTRADAY TRADE RECOMMENDATION:

**Buy NCDEX- June Guar Seed** near 2100 with target of 2140, and then 2160 Stop loss at 2080.

**Buy NCDEX- June Guar Gum** near 5200 with target of 5260 then 5290. Stop loss at 5170.

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

Commodity	Centres	19.04.06	18.04.06	Change
Guar Seed	Bikaner	1960	1960	-
	Jodhpur	2125	2075	+50
	Nokha	1925	1925	-
Guar Gum	Sriganganagar	1940	1920	+20
	Jodhpur	5460	5302	+158

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