

## GUAR DAILY

May 30, 2006

### GUAR

#### SPOT MARKETS:

The guar prices witnessed sharply bearish tone in all of the domestic markets. The arrival of monsoon one week ahead of the schedule date in Kerala and the prediction of good monsoon over other places in the country dragged guar seed and gum in the spot market. Moreover, bearish tone of the futures market kept away the sellers from market. The demand from millers remained at steady on meagre arrivals. Traders attributed that the guar prices would be recovered soon and market activity would increase again in the coming futures. 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 some downwards trade initially on increased selling pressure following a firm opening. The futures pressurised on continuous selling pressure throughout the day. Finally, the futures settled much lower with huge losses. The near month June contract for guar seed traded in the range of 1817-1919 while the July contract fluctuated in the range of 1867-1982. The near month June contract for guar gum traded in the range of Rs. 4536-4723 while the July contract fluctuated in the range of 4627-4841 during Monday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Early advancement of S.W. Monsoon.
2. Lower activity of sellers
3. Sharply bearish tone in the futures market

##### Bullish:

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

#### Weather

Isolated duststorm/thunderstorm may occurred over Rajasthan. Mainly dry weather over Gujarat. Rainfall activity is likely to increase over north Konkan during next 2-3 days. Every body related to guar trading closely watching the progress of monsoon for further direction.

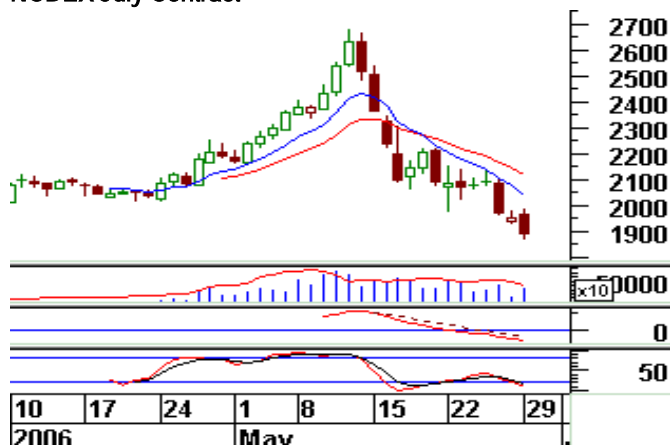
#### TECHNICALS:

An engulfing bearish pattern occurs during a downtrend. It may be a last engulfing bottom, which indicates a bullish reversal. The stochastic is bearish. The %K line after crossing %D line from above and moving downwards after crossing oversold region showing some downtrend. 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 upward movement thereafter.

#### NCDEX July Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	1842	1820	1887	2010	2035
Guar gum July	4549	4479	4648	4963	5016

#### INTRADAY TRADE RECOMMENDATION:

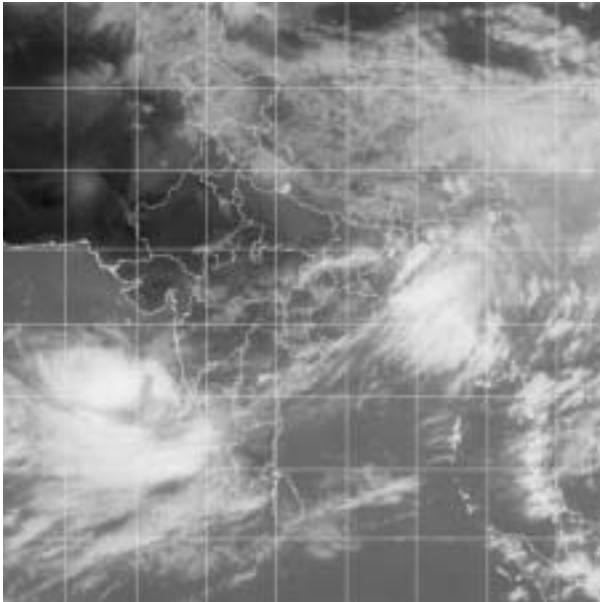
**Buy NCDEX- July Guar Seed** near 1865-1875 with target of 1910, and then 1930 Stop loss at 1850.

**Buy NCDEX- July Guar Gum** near 4590-4610 with target of 4660 then 4690. Stop loss at 4570.

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

Commodity	Centres	29.05.06	27.05.06	Change
Guar Seed	Bikaner	1820	1890	-70
	Jodhpur	1950	2020-2025	-75
	Nokha	1768	1800	-32
Guar Gum	Sriganganagar	1765	1830-1835	-70
	Jodhpur	4950	5175	-225

## Satellite Picture of Monsoon Progress



Source: IMD

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