

GUAR DAILY

May 29, 2006

GUAR

SPOT MARKETS:

The guar prices improved somewhat from previous weakness in all of the domestic markets in the country on some buying support from millers as well as stockists. Moreover, some bullish tone of the futures market motivated the buyers to involve in the market again. Some buying interest amidst lower arrivals is mainly underpinning the spot market sentiments. However, the onset of monsoon one week ahead of the schedule date in Kerala led to some confusion over traders. Traders attributed that the prices would be recovered soon and move towards higher levels in the coming futures. Everybody related with guar trading eyeing towards futures market sentiments as well as monsoon progress.

FUTURES MARKETS:

The guar futures at the NCDEX witnessed some downwards trade initially on increased selling pressure following a weak opening. However, increased buying interest at lower levels supported the futures and recovered from some of the early losses. Finally the guar seed futures settled at negative territory with marginal loss. The near month June contract for guar seed traded in the range of 1872-1915 while the July contract fluctuated in the range of 1928-1983. The near month June contract for guar gum traded in the range of Rs. 4625-4775 while the July contract fluctuated in the range of 4735-4879 during weekend.

PRICE DRIVERS:

Bearish:

1. Early advancement of S.W. Monsoon.
2. Lower demand at higher price levels

Bullish:

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

Weather

S.W. Monsoon has further advanced into parts of Kerala, Coastal & south Interior Karnataka. Conditions are favourable for advance of southwest monsoon in S. Konkan & Goa, remaining parts of Karnataka during 2-3 days

TECHNICALS:

A white candle occurred. This is bearish. The stochastic is bearish. The %K line after crossing %D line from above moving downwards to 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 downwards initially following a firm opening and some upward movement thereafter.

NCDEX July Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	1910	1878	1970	2023	2050
Guar gum July	4690	4587	4850	5000	5079

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- July Guar Seed near 1940-1950 with target of 1985, and then 2005 Stop loss at 1925.

Buy NCDEX- July Guar Gum near 4790-4810 with target of 4860 then 4890. Stop loss at 4770.

Do not carry forward the position until the next day.

Commodity	Centres	27.04.06	26.04.06	Change
Guar Seed	Bikaner	1890	1880	+10
	Jodhpur	2020-2025	2000	+25
	Nokha	1800	1800	-
Guar Gum	Sriganganagar	1830-1835	1820	+15
	Jodhpur	5175	5044	+131

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