

## GUAR DAILY

May 26, 2006

### GUAR

#### SPOT MARKETS:

The guar prices remained somewhat firm to range bound in all of the domestic markets in the country. The thin trading activity of futures market suppressed the traders to increase their activity. Moreover, there is a mix response among the traders on the view of monsoon. The activity of guar market restricted somewhat on the thin sideways trading of futures as well as on monsoon progress. The arrivals were reportedly at some lower sides Traders attributed that the demand would increase when the futures recovered sharply. Traders have been optimistic of rising guar seed prices in coming futures. Everybody related with guar trading eyeing towards futures market sentiments as well as monsoon progress. The progress of monsoon in the coming days will determine the market tone.

#### FUTURES MARKETS:

The guar futures at the NCDEX witnessed sharply upwards trade initially on increased buying support following a firm opening. However, increased profit booking interest at the higher levels capped the early gains and slid to lower level. Finally the futures manage to settle at positive territory with marginal gains. The near month June contract for guar seed traded in the range of 1995-2039 while the July contract fluctuated in the range of 2075-2132. The near month June contract for guar gum traded in the range of Rs. 4980-5075 while the July contract fluctuated in the range of 5091-5220 during Thursday.

#### PRICE DRIVERS:

##### Bullish:

1. Steady arrivals at lower levels
2. Steady demand at higher sides from millers

##### Bearish:

3. Thin trading activity in futures market
4. Progress of monsoon.

#### Weather

Cross-equatorial monsoon flow over south Arabian Sea to strengthen further leading to increase in rainfall activity and onset of monsoon over Kerala within next 2-3 days.

#### TECHNICALS:

An inverted hammer occurred. It implies trade reversal. The stochastic is bullish, and moving upwards to oversold region 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 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	2018	1999	2080	2177	2199
Guar gum July	5010	4945	5108	5381	5420

#### INTRADAY TRADE RECOMMENDATION:

**Buy NCDEX- July Guar Seed** near 2050-2060 with target of 2095, and then 2115 Stop loss at 2035.

**Buy NCDEX- July Guar Gum** near 5050-5078 with target of 5125 then 5155. Stop loss at 5030.

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

Commodity	Centres	25.04.06	24.04.06	Change
Guar Seed	Bikaner	1925	1920	+5
	Jodhpur	2060-2070	2050	+20
	Nokha	1872	1872-1880	-
Guar Gum	Sriganganagar	1870	1870	-
	Jodhpur	5252	5252	-

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