

## GUAR DAILY

May 27, 2006

### GUAR

#### SPOT MARKETS:

The guar prices fell down in all of the domestic markets in the country on the arrivals of S.W. monsoon in Kerala. The onset of monsoon one week ahead of the schedule date in Kerala and the prediction of good monsoon over other places in the country pressurised the prices of guar seed and gum. Moreover, sharply bearish tone of futures market also underpinning physical market sentiments. The activity of buyers in guar market restricted somewhat on the monsoon arrivals. Traders attributed that the prices would be at lower sides for coming days. 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 seed futures at the NCDEX witnessed some upwards trade initially on increased buying support following a steady opening. However, increased speculative selling motives on the news that S.W. monsoon already arrived in Kerala on Friday capped the early gains and slid to much lower level. Finally the futures settled much lower at day's low with huge losses. The near month June contract for guar seed traded in the range of 1881-2019 while the July contract fluctuated in the range of 1958-2019. The near month June contract for guar gum traded in the range of Rs. 4695-5030 while the July contract fluctuated in the range of 4807-5153 during Friday.

#### PRICE DRIVERS:

##### Bearish:

1. Thin trading activity in futures market
2. Early onset of S.W. Monsoon over Kerala.
3. Lower demand at higher price levels
4. Restricted market activity

##### Weather

I.M.D. declares onset of southwest monsoon over Kerala. Conditions are favourable for advance of monsoon over coastal Karnataka and northeastern states during next 48 hours.

#### TECHNICALS:

A big black 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 slightly upwards initially following a steady to weak opening and some downward movement thereafter.

#### NCDEX July Contract



#### SUPPORT / RESISTANCES:

| Contract       | S1   | S2   | PCP  | R1   | R2   |
|----------------|------|------|------|------|------|
| Guar seed July | 1850 | 1810 | 1958 | 2017 | 2050 |
| Guar gum July  | 4640 | 4549 | 4807 | 4894 | 4980 |

#### INTRADAY TRADE RECOMMENDATION:

**Sell NCDEX- July Guar Seed** near 1966-1980 with target of 1924, and then 1900 Stop loss at 1999.

**Sell NCDEX- July Guar Gum** near 4840-4860 with target of 4790 then 4760. Stop loss at 4880.

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

| Commodity | Centres       | 26.04.06 | 25.04.06  | Change |
|-----------|---------------|----------|-----------|--------|
| Guar Seed | Bikaner       | 1880     | 1925      | -45    |
|           | Jodhpur       | 2000     | 2060-2070 | -70    |
|           | Nokha         | 1800     | 1872      | -72    |
|           | Sriganganagar | 1820     | 1870      | -50    |
| Guar Gum  | Jodhpur       | 5044     | 5252      | -208   |

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