

GUAR DAILY

May 17, 2006

GUAR

SPOT MARKETS

The guar prices in all of the spot markets in the country continued bearish tone on the sharply bearish sentiments of futures market. NCMRWF's prediction that in India Monsoon likely to arrive 2 days ahead of schedule is underpinning the market sentiments. The stockist reportedly buying guar seed at lower price levels to hedge it against futures in NCDEX as reported by some traders. Millers were also active in lower price levels. The prices of guar seed as well as guar gum are expected to move slightly downwards initially following a steady to weak opening and some upward movement later.

FUTURES MARKETS:

The guar futures at the NCDEX witnessed sharply downwards trade initially on increased selling pressure following a weak opening. Some buying interest recovered the futures during medium session but profit booking pushed down the futures again and settled at much lower with losses. The near month May contract for guar seed traded in the range of 2044-2120, while the June contract fluctuated in the range of 2102-2243. The near month May contract for guar gum traded at Rs.5347, while the June contract fluctuated in the range of 5246-5580.

PRICE DRIVERS:

Bullish:

1. Steady arrivals at lower levels
2. Increased demand at lower price levels

Bearish:

1. Monsoon likely to arrive 2 days ahead of schedule
2. Lower demand at higher price levels

Weather

Heat wave conditions continue to prevail over north Rajasthan and parts of west Haryana where day temperatures are still above 45°C. These heat wave conditions may abate during next 1-2 days.

TECHNICALS

A big black candle occurred. This is bearish, as prices closed significantly lower than they opened. Stochastic is bearish, and moving downwards to normal region after crossing the overbought region. The MACD along with its EMA moving southwards showing further downtrend.

NCDEX June Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed June	2085	2050	2102	2160	2186
Guar gum June	5169	5085	5246	5345	5406

INTRADAY TRADE RECOMMENDATION:

Buy NCDEX- June Guar Seed near 2090 with target of 2120, and then 2135 Stop loss at 2075.

Buy NCDEX- June Guar Gum near 5190 with target of 5240 then 5265. Stop loss at 5165.

Do not carry forward the position until the next day.

Commodity	Centres	16.04.06	15.04.06	Change
Guar Seed	Bikaner	2050	2150	-100
	Jodhpur	2125	2200	-75
	Nokha	1950-1970	Closed	-
Guar Gum	Sriganganagar	2100	Closed	-
	Jodhpur	5600	5700	-100

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