

GUAR DAILY

June 24, 2006

GUAR

SPOT MARKETS:

The guar prices plunged in different spot markets on the advice of sharply downward tone in futures market. Favourable progress of S.W. monsoon restricted buyers' activity in spot market. Mostly lacklustre trading activity is underpinning the market tone. Sellers activity were remained at lower levels. The stockiest were not in mood to release their stocks presently. Everybody related to guar closely monitoring the S.W. monsoon progress for further direction. The major stockists were in confusion over monsoon activity. The monsoon progress, amount of rainfall in different growth stage of crop and sowing acreage would decide the guar market sentiments in coming futures.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed sharply downward trade following a firm opening. Increased speculative selling interest pressurised the futures throughout the session. Finally the futures settled lower near days' low with huge losses. The July contract traded in the range of 1851-1958, while the August contract fluctuated in the range of 1902-2025. The July contract for guar gum traded in the range of Rs. 4781-5000 while the August contract fluctuated in the range of 4841-5105 during Friday.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity
2. IMD's prediction about revival of monsoon
3. Bearish tone of futures market
4. Lacklustre trading activity at spot market

Bullish:

5. Decreasing arrivals

Weather:

Sowing of guar usually picks up momentum in Rajasthan in July-August. Any short fall in rainfall in this period severely affect the sowing. Farmers of these areas should wait for sowing their kharif guar crops until the arrivals of monsoon rains.

TECHNICALS:

The candlesticks showing bearish tone. the engulfing bearish pattern occurs during a downtrend. It may be a last engulfing bottom, which indicates a bullish reversal. The stochastic is slightly bearish. And moving towards oversold region. The MACD along with its EMA moving downwards, showing down trend 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 upwards movement thereafter.

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed Aug.	1870	1847	1916	1969	2000
Guar gum Aug.	4776	4693	4885	5008	5055

INTRADAY TRADE RECOMMENDATION:

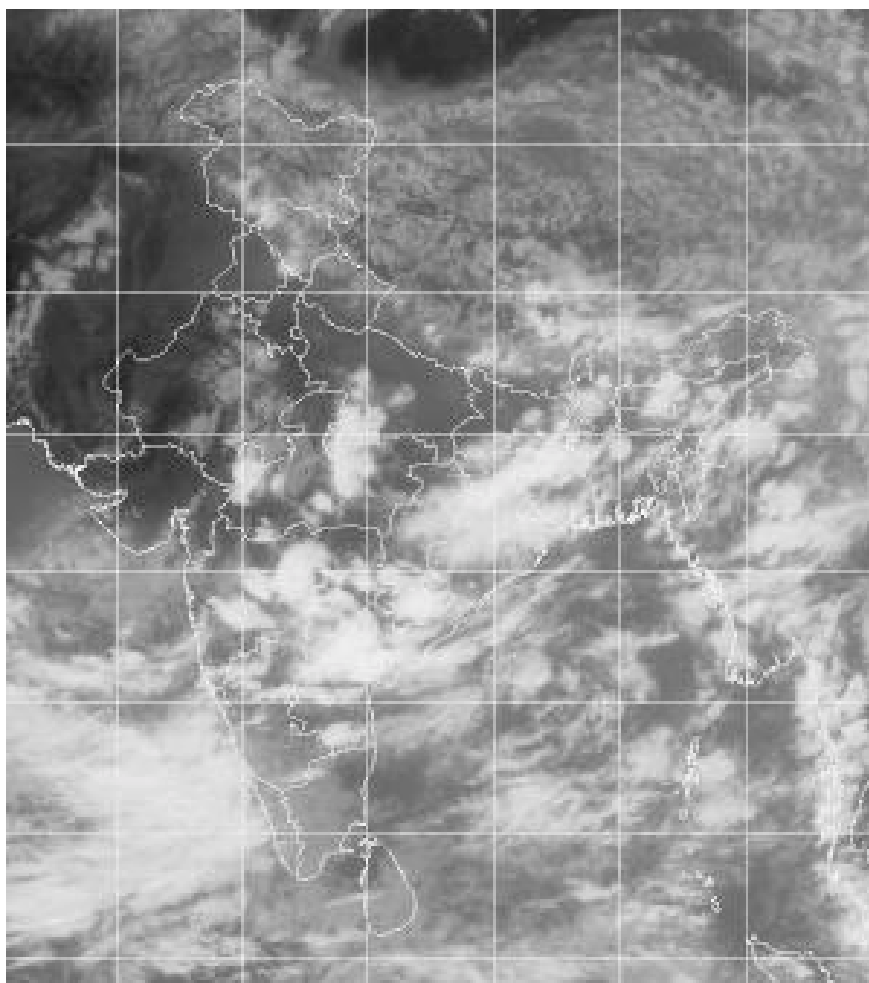
Buy NCDEX- August Guar Seed near 1890-1900 with target of 1945, and then 1970 Stop loss at 1870.

Buy NCDEX- August Guar Gum near 4830-4850 with target of 4900 then 4930. Stop loss at 4810.

Do not carry forward the position until the next day.

Commodity	Centres	23.06.06	22.06.06	Change
Guar Seed	Bikaner	1880	1940	-60
	Jodhpur	1975	2025	-50
	Nokha	1830	1862	-32
	Sriganganagar	1840	1900	-60
Guar Gum	Jodhpur	5050	5125	-75

Satellite Picture of Monsoon Progress (23.06.06)



Source: IMD

- ✍ Southwest monsoon has further advanced into some more parts of Gujarat Region, remaining parts of Madhya Maharashtra, entire Marathawada and some more parts of Telangana and Chhattisgarh. The Northern Limit of Monsoon as on today, passes through 22.0°N/ 60.0°E, 22.0 °N/ 68.0°E, Porbandar, Rajkot, Ahmedabad, Jalgaon, Parbhani, Ramagundam, Kanker, Ambikapur, Daltonganj and Raxaul.

- ✍ Conditions are favourable for further advance of southwest monsoon over remaining parts of Telangana, some more parts of Chattisgarh and some parts of Vidarbha during next 48 hrs.

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