

## GUAR DAILY

June 19, 2006

### GUAR

#### SPOT MARKETS:

The guar prices continued its bearish sentiments in different spot markets on weak demand coupled with meagre arrivals. Moreover downward trading in futures market also underpinning physical market tone. The anticipation of quick arrival of S.W. monsoon in the main guar producing belts also kept away buyers from market. However, according to IMD's projection, S.W. monsoon is expected to revive during 19-20 June over south peninsular India and progress northward. The confusion over monsoon activity and sudden rainfall in northern India led the buyers to remain at sidelines. However, millers demand for processing guar seed remained steady at lower price levels. Farmers closely monitoring the monsoon progress in order to taking sowing decision. According to some traders, the guar farmers likely to diversify towards moong due to higher market prices of it. However, the monsoon progress, amount of rainfall and comparative advantage of different suitable commodities would decide the guar market sentiments in coming futures.

#### FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed sharply downward trade at the early hours following a weak opening. Increased speculative selling pressurised the futures throughout the day. Finally the futures settled at negative territory with some losses. The July contract traded in the range of 1889-1952, while the August contract fluctuated in the range of 1953-2021. The July contract for guar gum traded in the range of Rs. 4816-4939 while the August contract fluctuated in the range of 4905-5007 during weekend.

#### PRICE DRIVERS:

##### Bearish:

1. Confusion among traders on monsoon activity
2. IMD's prediction about revival of monsoon in Peninsular India
3. Rumour about monsoon arrivals
4. bearish tone of futures market

##### Bullish:

5. Decreasing arrivals

##### Weather:

Isolated Duststorm/Thunderstorm are likely over Rajasthan. Sowing of guar usually picks up momentum in Rajasthan in July-August. So, it's too early to crib on weather.

#### TECHNICALS:

The candlesticks showing bearish tone. The stochastic is bullish. The % K line after crossing the % D line from below moving towards normal region showing bullish trend. 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 upward initially following a steady to firm opening and some downward movement thereafter.

#### NCDEX August Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	1918	1898	1980	2028	2050
Guar gum July	4818	4778	4960	5058	5100

#### INTRADAY TRADE RECOMMENDATION:

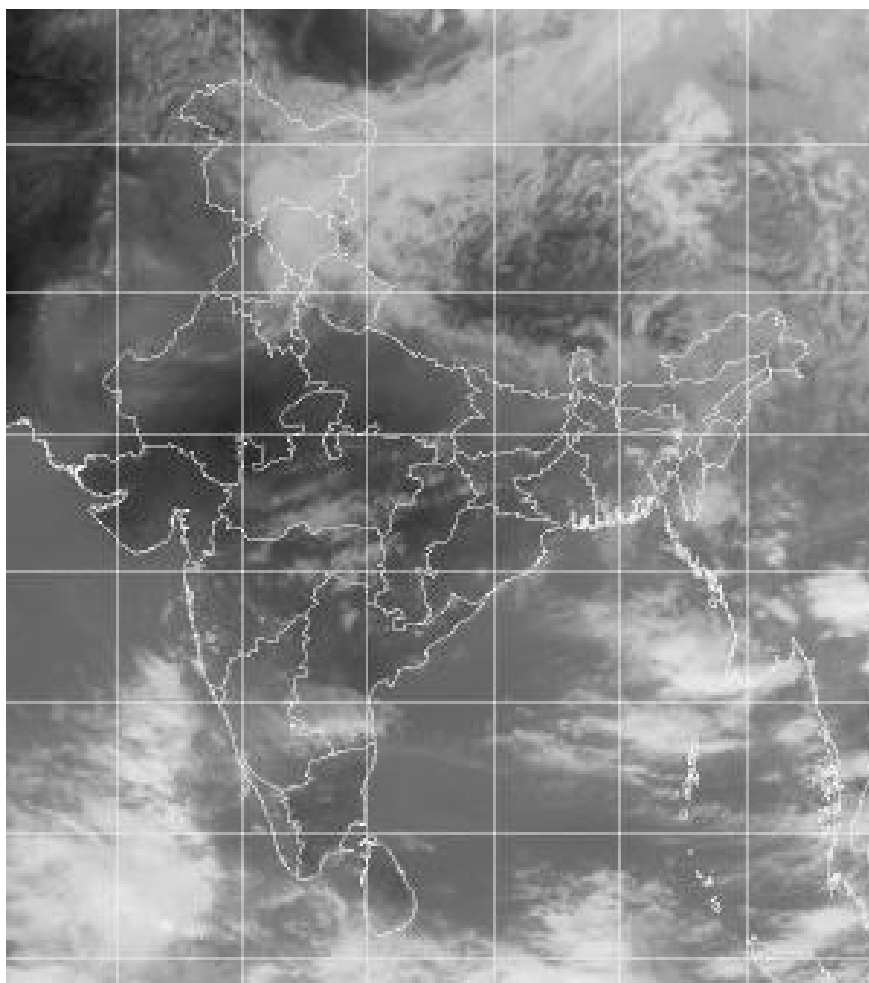
**Sell NCDEX- August Guar Seed** near 1990-2000 with target of 1945, and then 1920 Stop loss at 2020.

**Sell NCDEX- August Guar Gum** near 4980-5000 with target of 4930 then 4900. Stop loss at 5020.

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

Commodity	Centres	17.06.06	16.06.06	Change
Guar Seed	Bikaner	1890	1940	-50
	Jodhpur	1975	2000	-25
	Nokha	1830	1870	-40
	Sriganganagar	1820	1850-1855	-35
Guar Gum	Jodhpur	4875	4975	-100

### Satellite Picture of Monsoon Progress (17.06.06)



**Source:** IMD

- There are favourable signals of revival of southwest monsoon activity over the south peninsula around 19<sup>th</sup>. Scattered rains have already commenced over Kerala, Coastal Karnataka and south Konkan & Goa. This activity is likely to increase during next 2-3 days and subsequently extend northwards along the west coast.
- Fairly widespread rainfall activity has occurred over northeastern States with isolated heavy falls. This activity is likely to continue for next 2-3 days.
- Scattered rain/thundershower have occurred over western Himalayas and isolated duststorm/thunderstorm over plains of northwest India in association with a western disturbance. This activity is likely to continue during next 1-2 days.

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd