

GUAR DAILY

June 22, 2006

GUAR

SPOT MARKETS:

The guar prices plunged again in different spot markets and mainly following the sharply bearish tone of futures market. Moreover decreasing market activity amidst steady demand also underpinning physical market sentiments. Uncertain monsoon activity kept major traders at sidelines. IMD's projections of favourable advancement of the S.W. monsoon after overcoming the weak phase no doubt governing the market tone. 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. However, some traders were optimistic about rising of prices on good demand amidst meagre arrivals in coming days. Millers demand for processing guar seed remained steady at lower price levels. 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 some upward trade following a firm opening. However, increased selling interest pressurised the futures at the higher levels and traded sharply downwards thereafter. The futures slid down to very lower level and settled at negative territory with huge losses. The July contract traded in the range of 1907-1984, while the August contract fluctuated in the range of 1960-2047. The July contract for guar gum traded in the range of Rs. 4870-5047 while the August contract fluctuated in the range of 4950-5140 during Wednesday.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity
2. IMD's prediction about revival of monsoon
3. Sharply bearish tone of futures market

Bullish:

4. 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.

TECHNICALS:

The candlesticks showing bullish tone. The stochastic is slightly bullish. The % K line after crossing the % D line from above moving towards oversold region. The MACD along with its EMA moving slightly downwards, showing down trend 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 with possibility of upward movement later.

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	1928	1901	1973	2008	2028
Guar gum July	4889	4828	5005	5086	5128

INTRADAY TRADE RECOMMENDATION:

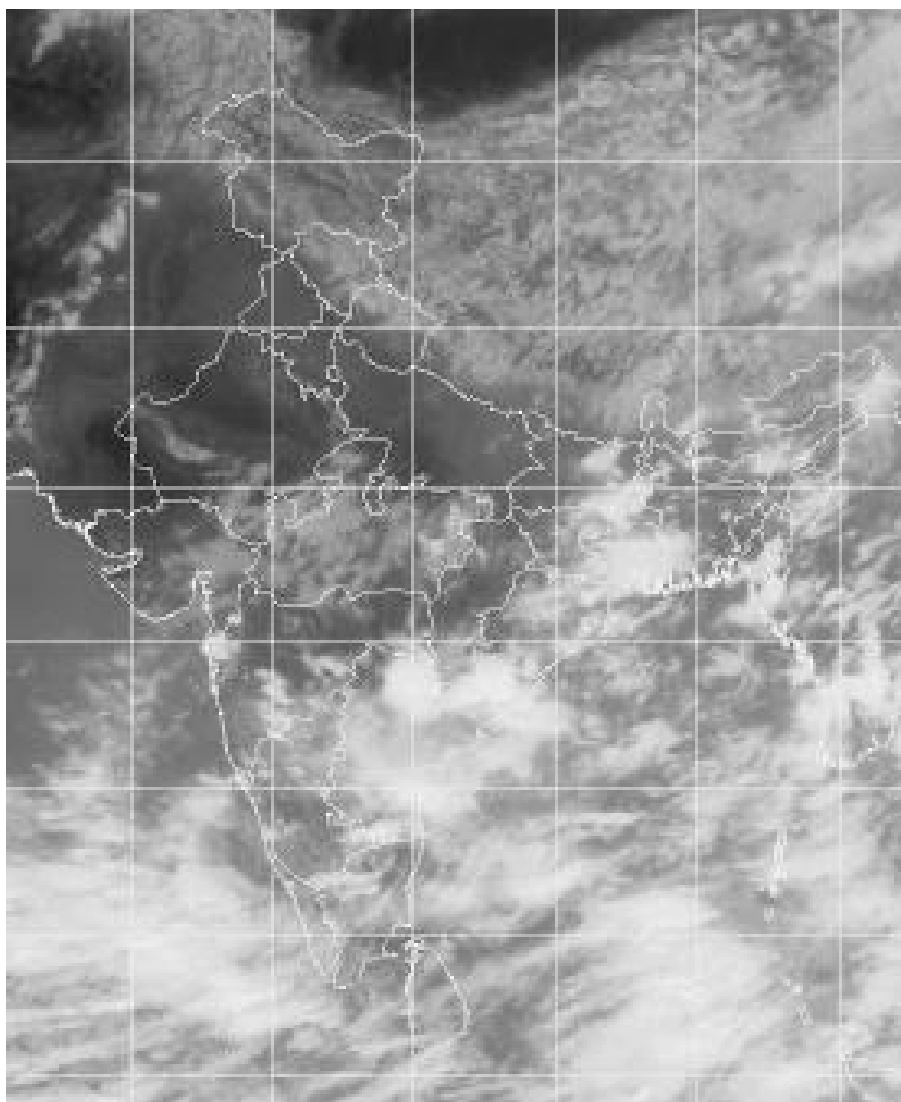
Sell NCDEX- August Guar Seed near 1977-1987 with target of 1932, and then 1907 Stop loss at 2007.

Sell NCDEX- August Guar Gum near 5025-5045 with target of 4955 then 4915. Stop loss at 5075.

Do not carry forward the position until the next day.

Commodity	Centres	21.06.06	20.06.06	Change
Guar Seed	Bikaner	1900	1920	-20
	Jodhpur	2015	2025	-10
	Nokha	1840	1850	-10
	Sriganganagar	1840	1865-1870	-30
Guar Gum	Jodhpur	5000	4925	+75

Satellite Picture of Monsoon Progress (21.06.06)



Source: IMD

- ✍ Conditions are favourable for further advance of the southwest monsoon into north Madhya Maharashtra, parts of Marathawada and rest parts of Telangana during next 48 hours.
- ✍ Rain/Thundershower have occurred at a few places over coastal Orissa, northeastern States, Konkan & Goa, Coastal Karnataka and Kerala and Isolated over Gangetic West Bengal, Himachal Pradesh, Haryana, Chandigarh, Delhi Rayalaseema, Tamil Nadu, Vidarbha.

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