

## GUAR DAILY

June 07, 2006

### GUAR

#### SPOT MARKETS:

The guar prices remained at higher sides on increased demand amidst meager arrivals. The buyers got motivated on NCMRWF's projection that S.W. monsoon is likely to go into weak phase beginning from 8<sup>th</sup> June leading to overall decrease in rainfall activity over the country. The anticipation of higher prices in coming futures the traders was purchasing guar seed. The sellers' activity reportedly increased but millers demand remained lower at higher price levels. However, the traders were mostly confused over monsoon progress. Everybody related with guar trading eyeing towards futures market sentiments as well as monsoon progress for further direction.

#### FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed some downwards trade initially on increased speculative selling pressure following a firm opening. However, increased buying interest on the anticipation of lower rainfall due to NCMRWF's projection of S.W. monsoon is likely to go into weak phase beginning from 8 June recovered from the early losses and traded sharply upwards thereafter. Finally, the futures settled higher near day's high with huge gains. The near month June contract for guar seed traded in the range of 1986-2084 while the July contract fluctuated in the range of 2055-2171. The near month June contract for guar gum traded in the range of Rs. 4955-5184 while the July contract fluctuated in the range of 5090-5345 during Tuesday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Some lower demand from millers at higher price

##### Bullish:

2. Decreasing arrivals
3. S.W. monsoon is likely to go into weak phase
4. Increasing demand from traders

#### Weather

S.W. monsoon is likely to go into weak phase beginning from 8 June, leading to overall decrease in rainfall activity over the country. This may pending the guar seed sowing. However, the arrivals of monsoon in the state of Rajasthan, Haryana, Gujrat and overall performance in different crop stage will determine the further direction.

#### TECHNICALS:

Candlesticks are bullish. The stochastic is steady and in the over bought region. The MACD along with its EMA moving slightly upwards, showing up trend at medium term.

#### OUTLOOK:

The prices of guar seed as well as guar gum are expected to move some upward initially following a steady to firm opening with possibility of late slightly downwards movement.

#### NCDEX July Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	2121	2098	2166	2247	2274
Guar gum July	5264	5226	5339	5527	5612

#### INTRADAY TRADE RECOMMENDATION:

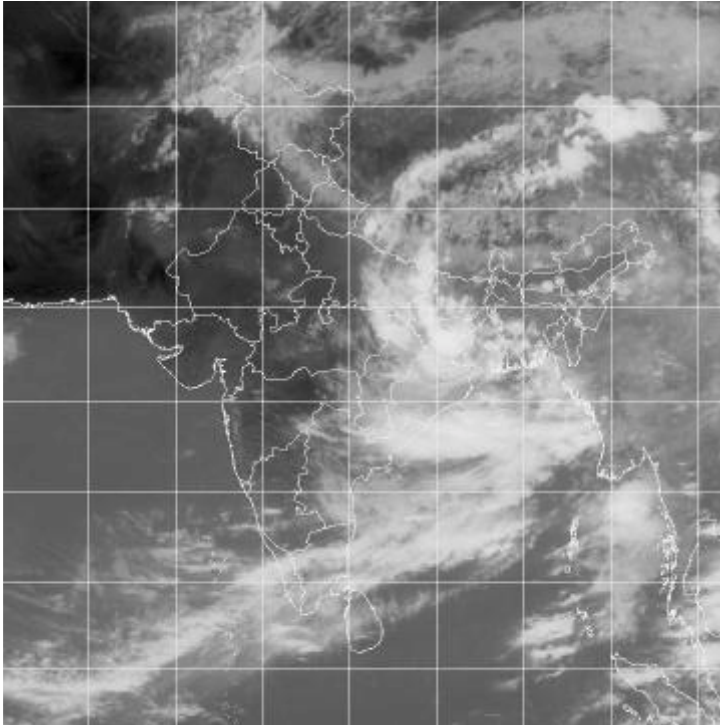
**Buy NCDEX- July Guar Seed** near 2145-2155 with target of 2200, and then 2225 Stop loss at 2125.

**Buy NCDEX- July Guar Gum** near 5295--5315 with target of 5365 then 5400. Stop loss at 5275.

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

Commodity	Centres	06.06.06	05.06.06	Change
Guar Seed	Bikaner	2030	1950-2030	-
	Jodhpur	2100	2050-2075	+25
	Nokha	1950-1980	1950	+30
Guar Gum	Sriganganagar	2002	1900	+102
	Jodhpur	5175-5200	5025	+175

### Satellite Picture of Monsoon Progress (06.06.06)



**Source:** IMD

- The southwest monsoon has further advanced into Orissa, Jharkhand & Bihar, remaining parts of Coastal Andhra Pradesh & West Bengal, some more parts of North Interior Karnataka and some parts of Telangana and Chhattisgarh.
- Under the influence of upper air cyclonic circulation a low pressure area has formed over north Bay of Bengal. The system is likely to move northwestwards initially. Under its influence the ongoing rainfall activity over West Bengal, Bihar, Jharkhand and Orissa is likely to enhance and continue during next 48 hours. However, rainfall activity is likely to decrease subsequently.