

GUAR DAILY

June 08, 2006

GUAR

SPOT MARKETS:

The guar prices continued bullish sentiments 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 8th 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. Millers demand was weak at higher price levels. Sellers' activity was reportedly steady at higher levels. However, the traders were mostly confused over monsoon progress but they were optimistic about further increase of prices. Everybody related with guar trading watching closely futures market sentiments as well as monsoon progress for further direction.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed sharply upwards trade initially on increased speculative buying interest on the anticipation of lower rainfall following a firm opening. However, profit-booking activities at the higher levels pressurised the futures and traded downwards thereafter. Finally, the futures managed to settle at positive territory with some gains. The near month June contract for guar seed traded in the range of 2070-2160 while the July contract fluctuated in the range of 2157-2250. The near month June contract for guar gum traded in the range of Rs. 5136-5379 while the July contract fluctuated in the range of 5300-5515 during Wednesday'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 stockists

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 bearish and moving towards normal 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 downward initially following a steady to firm opening and upward movement thereafter.

NCDEX July Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	2172	2149	2206	2294	2322
Guar gum July	5301	5245	5410	5565	5612

INTRADAY TRADE RECOMMENDATION:

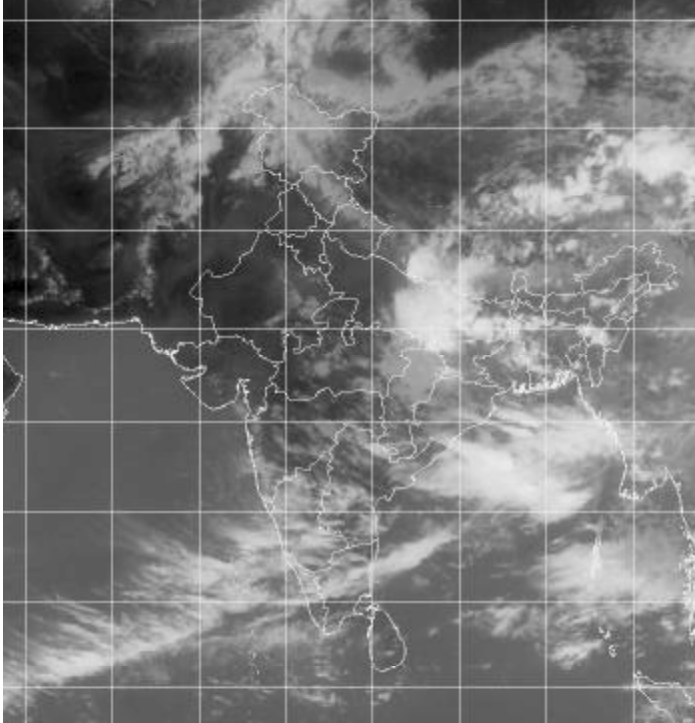
Buy NCDEX- July Guar Seed near 2180-2190 with target of 2235, and then 2260 Stop loss at 2160.

Buy NCDEX- July Guar Gum near 5370--5390 with target of 5440 then 5470. Stop loss at 5350.

Do not carry forward the position until the next day.

Commodity	Centres	07.06.06	06.06.06	Change
Guar Seed	Bikaner	2050	2030	+20
	Jodhpur	2150-2175	2100	+75
	Nokha	1976-1987	1950-1980	+7
Guar Gum	Sriganganagar	2020	2002	+18
	Jodhpur	5225	5175-5200	+25

Satellite Picture of Monsoon Progress (07.06.06)



Source: IMD

The southwest monsoon is entering into a weak phase and after 1-2 days the main rainfall activity is likely to remain subdued over most parts of the country except over northeastern states.