

GUAR DAILY

June 28, 2006

GUAR

SPOT MARKETS:

The guar prices remained steady to weak in different domestic market on steady demand amidst meagre arrivals. The sellers' activity remained very less. Moreover, favourable progress of S.W. monsoon is also underpinning the market sentiments. Some rainfall over Gujrat, eastern parts of Rajasthan lowered the market activity. The arrivals remained very poor. The stocks almost finished in different spot markets of Rajasthan. such as Nokha, Burmer etc. According to some traders Sriganganagar as well as Hunumannagar districts of Rajasthan still having comparatively good stocks and guar seed was reportedly supplied to different parts from these belts. Favourable monsoon progress encouraged farmers to prepare their respective land for guar cultivation. Favourable monsoon activity would lead to prevail bearish tone at market in coming future.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed some upward trade initially following a weak opening. However, some selling pressure at the higher level on the speculation of favourable monsoon arrivals in major guar producing belts slid downs the futures thereafter. Finally the futures manage to settle settled at positive territory with marginal gains. The July contract traded in the range of 1839-1883, while the August contract fluctuated in the range of 1880-1929. The July contract for guar gum traded in the range of Rs. 4740-4835 while the August contract fluctuated in the range of 4834-4924 during Tuesday's trade.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity
2. Favourable advancement of S.W. monsoon.
3. Lacklustre trading in spot market
4. Decreasing market activity.

Bullish:

5. Decreasing arrivals

Weather:

Weather conditions are some favourable for sowing activities across guar producing belts, but progress for rainfall in the coming weeks is crucial for the crop. Farmers of guar producing belts should prepare their lands for

TECHNICALS:

The candlesticks showing somewhat bullish tone. The stochastic is slightly bullish and moving upwards to normal region. The MACD along with its EMA moving downwards, showing weakness at medium term.

OUTLOOK:

The prices of guar seed as well as guar gum are expected to move some downwards following a steady to weak opening with possibility of upward movement later.

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed Aug.	1840	1818	1904	1948	1988
Guar gum Aug.	4776	4728	4870	4972	5000

INTRADAY TRADE RECOMMENDATION:

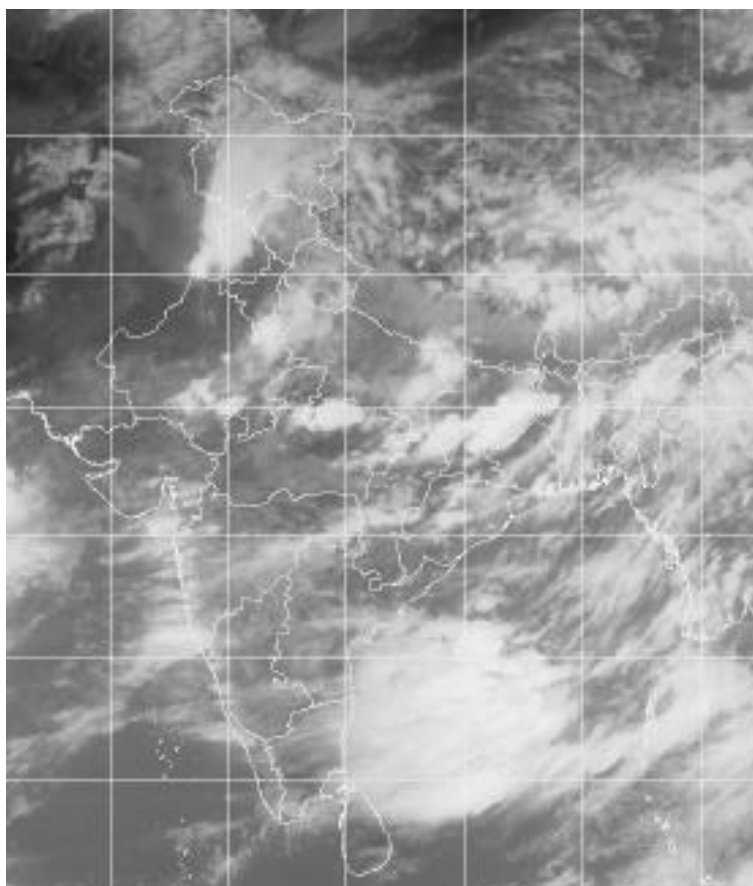
Sell NCDEX- August Guar Seed near 1920-1930 with target of 1885, and then 1865 Stop loss at 1945.

Sell NCDEX- August Guar Gum near 4910-4930 with target of 4860 then 4830. Stop loss at 4950.

Do not carry forward the position until the next day.

Commodity	Centres	27.06.06	26.06.06	Change
Guar Seed	Bikaner	1850	1870	-20
	Jodhpur	1960	1960	-
	Nokha	1800	1800	-
Guar Gum	Sriganganagar	1790	1790	-
	Jodhpur	5018	5018	-

Satellite Picture of Monsoon Progress (27.06.06)



Source: IMD

- ✍ **Progress of southwest monsoon:** Southwest monsoon has advanced into some more parts of Saurashtra & Kutch and some parts of East Uttar Pradesh. **Northern Limit of Monsoon passes through 23°N/65°E , Bhuj, Ahmedabad, Jalgaon, Amraoti, Nagpur, Durg, Ambikapur, Daltonganj, Varanasi, Sultanpur, Lucknow and Lakhimpur Kheri.**
- ✍ Conditions are favourable for further advance of monsoon into some more parts of Uttar Pradesh.
- ✍ The upper air cyclonic circulation extending upto mid tropospheric levels over northeast Arabian Sea off Gujarat coast now lies over Saurashtra & adjoining northeast Arabian Sea.
- ✍ Model predictions continue to suggest formation of a low pressure over northwest and adjoining west-central Bay of Bengal around 29th. Under its influence, the rainfall activity over Gangetic West Bengal, Jharkhand, Orissa and Coastal Andhra Pradesh is likely to increase around 29th and 30th of June. This activity is likely to extend into Chhattisgarh, East Madhya Pradesh, Vidarbha, East Uttar Pradesh and Telangana subsequently. With the formation of this low pressure area the rainfall activity over Konkan & Goa and Madhya Maharashtra is also

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likely to enhance.