

GUAR DAILY

June 02, 2006

GUAR

SPOT MARKETS:

The guar prices improved in all of the domestic markets after lacklustre trading during last couples of days. The spot market mainly following the sharply upward trade in the futures market. The sellers' activity reportedly increased. The higher demand witnessed from the millers as well as stockists. The traders were also purchasing guar to hedge it against futures market. The buyers were optimistic about the further increase of prices in the coming futures. The arrivals increased somewhat at higher price levels. Everybody related with guar trading eyeing towards futures market sentiments as well as monsoon progress.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed sharply upwards trade on increased speculative buying following a weak opening. Speculative buying supported the futures throughout the day and reached to a higher level. Finally the futures settled higher at days high in final action. The near month June contract for guar seed traded in the range of 1780-1886 while the July contract fluctuated in the range of 1835-1941. The near month June contract for guar gum traded in the range of Rs. 4490-4758 while the July contract fluctuated in the range of 4585-4866 during Thursday's trade.

PRICE DRIVERS:

Bearish:

1. Early advancement of S.W. Monsoon.

Bullish:

2. Higher demand from millers as well as stockists
3. Decreasing arrivals
4. Increased activity of sellers
5. Sharply higher trading in futures market

Weather

Rain/thundershowers are likely at a few places over Rajasthan, Isolated squall over Rajasthan and Gujarat. If the monsoon now advances without any delay it will benefit the farmers and sowing of guar seed in advance but it is important to see the spread of the rains during the entire season.

TECHNICALS:

Candlesticks are bullish. The stochastic is bullish. The %K line after crossing the %D line from below moving northwards to normal region showing some up trend. 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 upwards movement initially following a steady to firm opening with possibility of some downwards movement later.

NCDEX July Contract



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| Guar seed July | 1893 | 1866 | 1941 | 2027 | 2054 |
| Guar gum July | 4737 | 4683 | 4850 | 5029 | 5104 |

INTRADAY TRADE RECOMMENDATION:

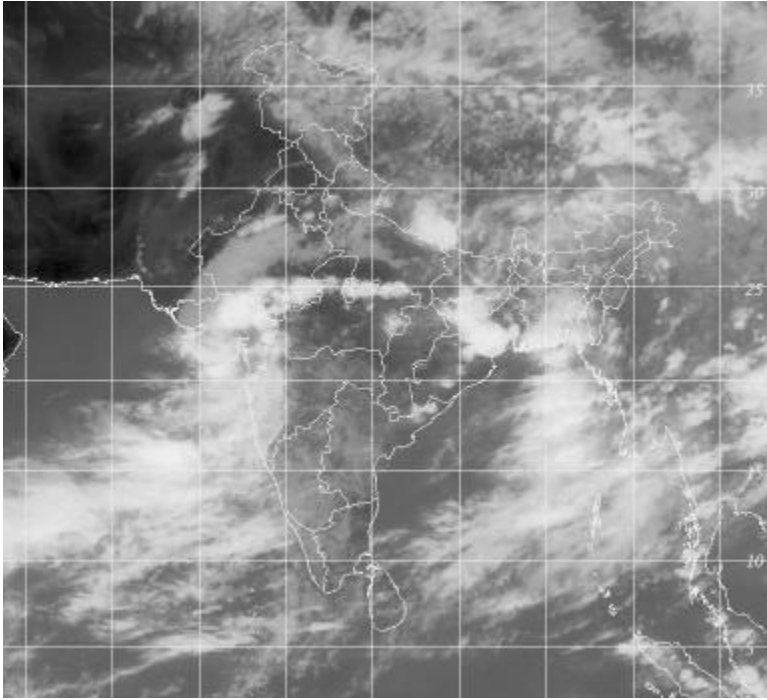
Buy NCDEX- July Guar Seed near 1915-1930 with target of 1962, and then 1982 Stop loss at 1902.

Buy NCDEX- July Guar Gum near 4810-4830 with target of 4880 then 4910. Stop loss at 4790.

Do not carry forward the position until the next day.

| Commodity | Centres | 01.06.06 | 31.05.06 | Change |
|-----------|---------------|-----------|-----------|--------|
| Guar Seed | Bikaner | 1915 | 1800 | +115 |
| | Jodhpur | 1950 | 1900-1925 | +25 |
| | Nokha | 1820 | 1700 | +120 |
| | Sriganganagar | 1820 | 1720 | +100 |
| Guar Gum | Jodhpur | 4850-4880 | 4825 | +55 |

Satellite Picture of Monsoon Progress



Source: IMD

Southwest monsoon has further advanced into remaining parts of Konkan. Conditions are now favourable for its further advance into southern parts of Gujarat State during next 24 hours.