

GUAR DAILY

June 09, 2006

GUAR

SPOT MARKETS:

The guar prices eased somewhat in different spot markets on lower demand amidst meagre arrivals. Moreover, sharply bearish tone in futures market on profit booking activities had governed physical market sentiments. The stockiest kept themselves at sidelines due to bearish sentiments of market. However, some demand was witnessed from millers at lower prices. The rumour about arrival of monsoon at next week led some confusion among traders. However, the traders 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 some 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 slid to very lower level thereafter. Finally the futures settled at much lower with huge losses. The near month June contract for guar seed traded in the range of 2040-2160 while the July contract fluctuated in the range of 2125-2259. The near month June contract for guar gum traded in the range of Rs. 5090-5370 while the July contract fluctuated in the range of 5222-5518 during Thursday's trade.

PRICE DRIVERS:

Bearish:

1. Some lower demand from stockiest
2. Rumour about arrivals of monsoon next week in Rajasthan
3. Sharply bearish tone of futures market

Bullish:

4. Decreasing arrivals
5. S.W. monsoon is likely to go into weak phase

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:

The engulfing bearish pattern formed that is bearish during an uptrend. 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 with possibility of upward movement later.

NCDEX July Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	2078	2054	2156	2208	2235
Guar gum July	5132	5057	5290	5414	5471

INTRADAY TRADE RECOMMENDATION:

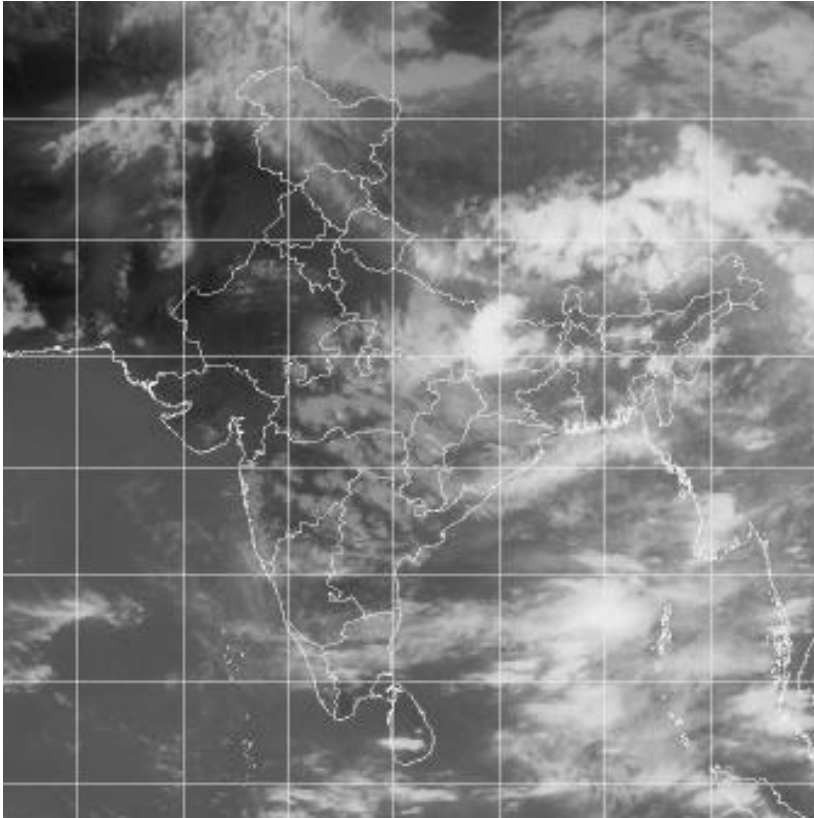
Sell NCDEX- July Guar Seed near 2165-2175 with target of 2130, and then 2110 Stop loss at 2190.

Sell NCDEX- July Guar Gum near 5310-5330 with target of 5260 then 5230. Stop loss at 5350.

Do not carry forward the position until the next day.

Commodity	Centres	08.06.06	07.06.06	Change
Guar Seed	Bikaner	2000	2050	-50
	Jodhpur	2150	2150-2175	-25
	Nokha	1955	1976-1987	-32
Guar Gum	Sriganganagar	1990	2020	-30
	Jodhpur	5175	5225	-50

Satellite Picture of Monsoon Progress (08.06.06)



Source: IMD

- Weak monsoon conditions with subdued rainfall activity are prevailing over the west coast and south peninsula. This scenario is likely to continue for next 5 days.
- The monsoon over eastern parts of the country is also likely to weaken after 24 hours. Subsequently the main rainfall activity is likely to remain confined over northeastern states for next 4-5 days.