

GUAR DAILY

June 27, 2006

GUAR

SPOT MARKETS:

The guar prices remained weak in different domestic market on steady demand amidst meagre arrivals. The sellers' activity was reportedly very less. Bearish nature of futures market kept sellers to remain at sidelines. Moreover, favourable progress of S.W. monsoon is also governing the market sentiments. 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 guarseed was reportedly supplied to different parts from these belts. Millers demand for processing guar seed remained steady at some higher levels. The monsoon progress, amount of rainfall in different growth stage of crop and sowing acreage would decide the guar market sentiments in coming futures.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed sharply downward trade following a weak opening. However, some buying interest at the lower level supported the futures but increased selling motives drafted the futures again and settled at negative territory with some losses in final action. The July contract traded in the range of 1822-1885, while the August contract fluctuated in the range of 1868-1941. The July contract for guar gum traded in the range of Rs. 4710-4865 while the August contract fluctuated in the range of 4789-4935 during Monday'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

Bullish:

4. Decreasing arrivals
5. Good demand from millers

Weather:

Conditions are favorable for further advance of southwest monsoon over remaining parts of Maharashtra, Gujarat and Chhattisgarh, many parts of east Uttar Pradesh, south Rajasthan and Madhya Pradesh and some parts of west Uttar Pradesh during next 5-6 days. Farmers of guar producing belts should wait for sowing their kharif guar crops until the arrivals of monsoon rains.

TECHNICALS:

The candlesticks showing bearish tone. The stochastic is bearish and moving downwards to oversold 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 upwards initially following a steady to firm opening and downwards movement later.

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed Aug.	1861	1838	1897	1950	2000
Guar gum Aug.	4786	4728	4849	4948	5000

INTRADAY TRADE RECOMMENDATION:

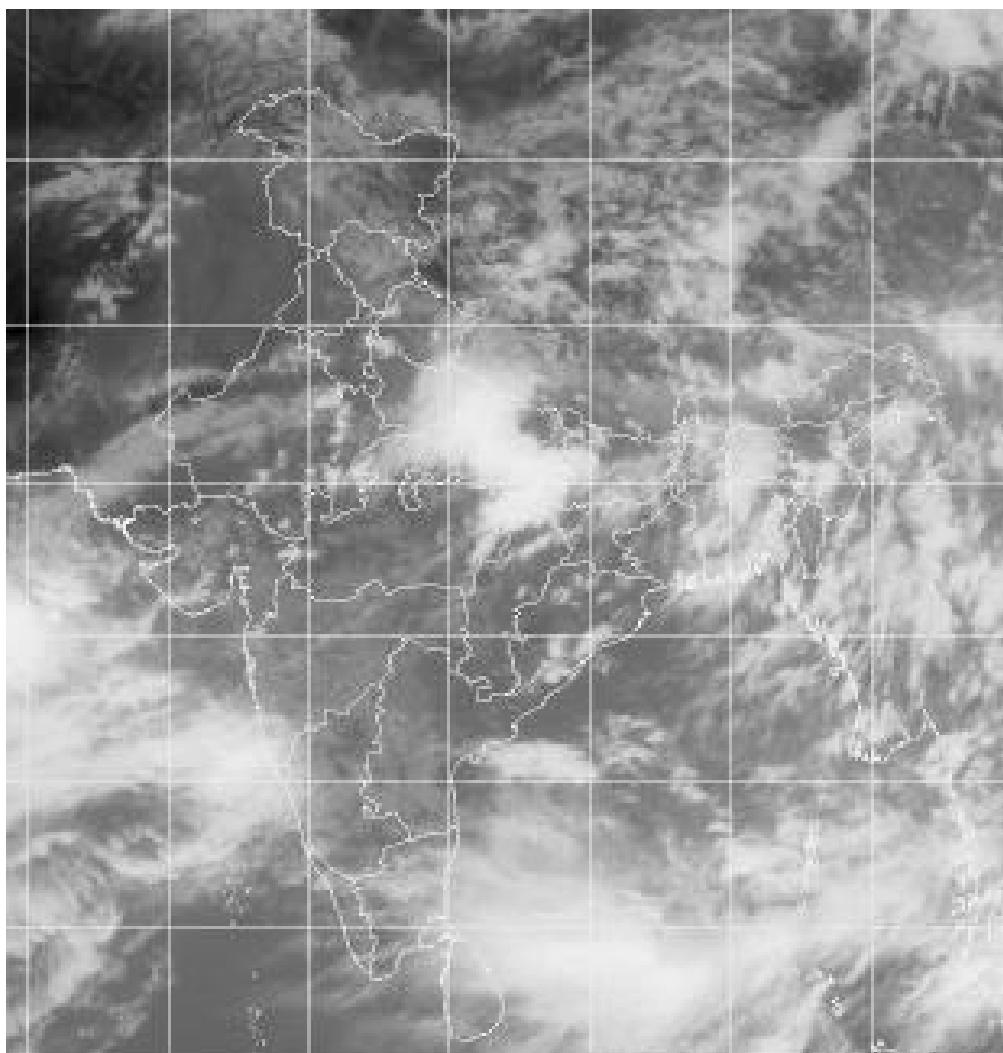
Sell NCDEX- August Guar Seed near 1920-1930 with target of 1885, and then 1865 Stop loss at 1945.

Sell NCDEX- August Guar Gum near 4890-4910 with target of 4860 then 4830. Stop loss at 4930.

Do not carry forward the position until the next day.

Commodity	Centres	26.06.06	24.06.06	Change
Guar Seed	Bikaner	1870	1890-1900	-20
	Jodhpur	1960	1980-1985	-25
	Nokha	1800	1830	-30
	Sriganganagar	1790	1840-1850	-40
Guar Gum	Jodhpur	5018	5075	-57

Satellite Picture of Monsoon Progress (26.06.06)



Source: IMD

- ✍ The upper air cyclonic circulation extending upto mid tropospheric levels over Madhya Maharashtra and neighbourhood now lies over northeast Arabian Sea off Gujarat coast.
- ✍ Model predictions indicate that a low pressure is likely to form 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 Telengana subsequently. With the formation of this low pressure area the rainfall activity over Konkan & Goa and Madhya Maharashtra is also likely to enhance.

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