

## GUAR DAILY

June 23, 2006

### GUAR

#### SPOT MARKETS:

The guar prices improved somewhat in different spot markets on the advice of upwards tone in futures market. The buyers got motivated on the upward sentiments of futures market. Moreover decreasing arrivals amidst some demand also underpinning physical market sentiments. Millers were remained active buyers. The NCMRWF's projection about S.W. Monsoon is not likely to revive during next seven days over northern, central and western parts of India too no doubt governing the market tone. The stockiest were not in mood to release their stocks presently. Everybody related to guar closely monitoring the S.W. monsoon progress for further direction. The major stockists were in confusion over monsoon activity. 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 downward trade initially following a firm opening. However, increased buying interest at the lower levels supported the futures and traded sharply upwards thereafter. Finally the futures settled higher with some gains. The July contract traded in the range of 1915-1975, while the August contract fluctuated in the range of 1966-2037. The July contract for guar gum traded in the range of Rs. 4905-5050 while the August contract fluctuated in the range of 4999-5138 during Thursday.

#### PRICE DRIVERS:

##### Bearish:

1. Confusion among traders on monsoon activity
2. IMD's prediction about revival of monsoon

##### Bullish:

3. Decreasing arrivals
4. Sharply bullish tone of futures market
5. Some demand from buyers

#### Weather:

Sowing of guar usually picks up momentum in Rajasthan in July-August. Any short fall in rainfall in this period severely affect the sowing. Farmers of these areas should wait for sowing their kharif guar crops until the arrivals of monsoon rains.

#### TECHNICALS:

The candlesticks showing bullish tone. The stochastic is slightly bullish. The % K line after crossing the % D line from below moving towards normal region. The MACD along with its EMA moving upwards, showing up trend 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 with possibility of downwards movement later.

#### NCDEX August Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	1992	1968	2022	2092	2118
Guar gum July	5058	4983	5114	5278	5338

#### INTRADAY TRADE RECOMMENDATION:

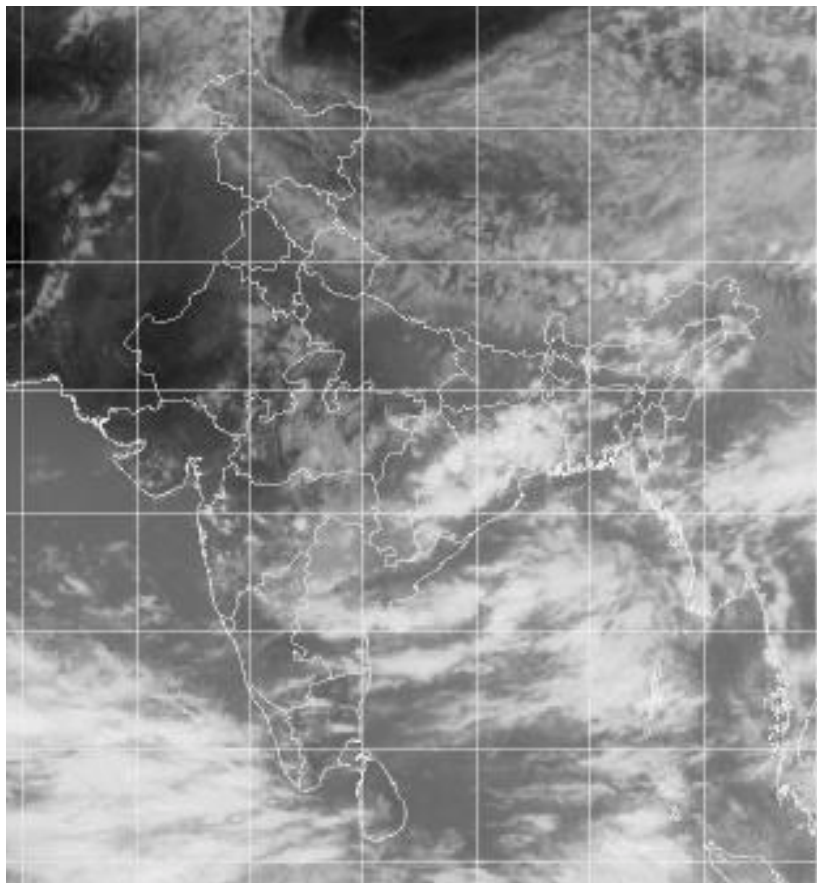
**Buy NCDEX- August Guar Seed** near 2017-2027 with target of 2067, and then 2090 Stop loss at 2000.

**Buy NCDEX- August Guar Gum** near 5110-5130 with target of 5180 then 5210. Stop loss at 5090.

**Do not carry forward the position until the next day.**

Commodity	Centres	22.06.06	21.06.06	Change
Guar Seed	Bikaner	1940	1900	+40
	Jodhpur	2025	2015	+10
	Nokha	1862	1840	+22
Guar Gum	Sriganganagar	1900	1840	+60
	Jodhpur	5125	5000	+125

### Satellite Picture of Monsoon Progress (22.06.06)



Source: IMD

- ✍ Conditions are still favourable for further advance of the southwest monsoon into north Madhya Maharashtra, parts of Marathwada and rest parts of Telangana during next 1 or 2 days.
  
- ✍ Rain/Thundershower have occurred at a few places over coastal Orissa, Coastal Andhra Pradesh, northeastern States, Konkan & Goa, Coastal Karnataka, Kerala and Gangetic West Bengal and **isolated** over Rayalaseema, Coastal Tamil Nadu and Telengana.

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