

GUAR DAILY

June 06, 2006

GUAR

SPOT MARKETS:

The guar prices remained steady to higher in all of the domestic markets following upwards trading during last couples of days. However, the spot prices varied significantly from morning to evening on see saw movement of futures market. The sellers' activity reportedly increased but millers demand remained lower at higher price levels. The traders were also purchasing guar to hedge it against futures market. However, the traders were mostly confused over monsoon progress. Good demand coupled with lower arrivals also underpinning the market sentiments. Everybody related with guar trading eyeing towards futures market sentiments as well as monsoon progress for further direction.

FUTURES MARKETS:

The guar futures at the NCDEX witnessed some upwards trade on increased speculative buying following a firm opening. However, increased profit booking interest capped the early gains at the higher level and slid to very lower sides thereafter. Finally the futures settled lower with huge losses in final action. The near month June contract for guar seed traded in the range of 1960-2103 while the July contract fluctuated in the range of 2032-2190. The near month June contract for guar gum traded in the range of Rs. 4878-5265 while the July contract fluctuated in the range of 4997-5412 during Monday's trade.

PRICE DRIVERS:

Bearish:

1. Early advancement of S.W. Monsoon.
2. Some lower demand from millers at higher price levels

Bullish:

3. Decreasing arrivals
4. Increased activity of sellers

Weather

Monsoon progress weakens somewhat. 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 somewhat bearish. The stochastic is bearish and in the over bought region. The %K line along with the %D line moving southwards to normal region showing some down 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 downward initially following a steady to firm opening and some upwards movement thereafter.

NCDEX July Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	2023	1996	2073	2137	2157
Guar gum July	5038	4963	5129	5320	5395

INTRADAY TRADE RECOMMENDATION:

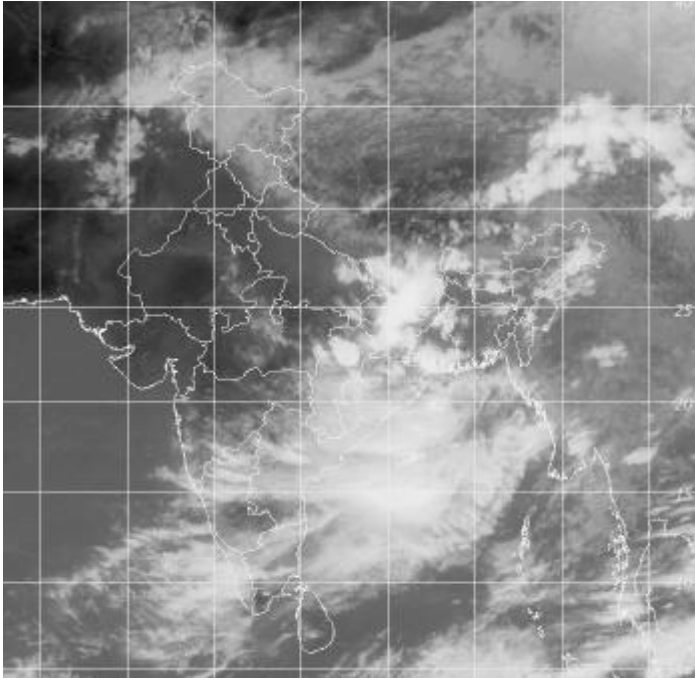
Buy NCDEX- July Guar Seed near 2045-2055 with target of 2090, and then 2110 Stop loss at 2030.

Buy NCDEX- July Guar Gum near 5080--5100 with target of 5140 then 5165. Stop loss at 5065.

Do not carry forward the position until the next day.

Commodity	Centres	05.06.06	03.06.06	Change
Guar Seed	Bikaner	1950-2030	1960	+70
	Jodhpur	2050-2075	2020	+55
	Nokha	1950	1924	+26
	Sriganganagar	1900	1900	-
Guar Gum	Jodhpur	5025	5100	-75

Satellite Picture of Monsoon Progress (05.06.06)



Source: IMD

Conditions are favourable for the further advance of southwest monsoon into Orissa, remaining parts of West Bengal and adjoining parts of Jharkhand and Bihar during next 2-3 days.