

## GUAR DAILY

June 17, 2006

### GUAR

#### SPOT MARKETS:

The guar prices remained bearish in different spot markets on steady to weak demand amidst meagre arrivals. The rainfall in some parts of Northern India due to lower pressure area restricted buyers' activity. Further, favourable revival of monsoon is also underpinning market tone. The confusion over monsoon activity and sudden rainfall led the buyers to remain at sidelines. Moreover, lacklustre trade in futures market also underpinning the physical market sentiments. However, millers demand for processing guar seed remained steady at lower price levels. Traders are optimistic about rising in guar prices coming days. Farmers closely monitoring the monsoon progress in order to taking sowing decision. According to some traders, the guar farmers likely to diversify towards moong due to higher market prices of it. However, the monsoon progress, amount of rainfall and comparative advantage of different suitable commodities would decide the guar market sentiments in coming futures.

#### FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed upward trading at the early hours following a firm opening. However, increased profit booking interest at the higher levels pressurised the futures and traded downwards thereafter. Finally the futures settled at negative territory with losses. The July contract traded in the range of 1955-2035, while the August contract fluctuated in the range of 2018-2120. The July contract for guar gum traded in the range of Rs. 4925-5099 while the August contract fluctuated in the range of 5025-5210 during Friday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Confusion among traders on monsoon activity
2. IMD's prediction about revival of monsoon in Peninsular India
3. Lower market activity due to duststorm

##### Bullish:

4. Decreasing arrivals

#### Weather:

Isolated Duststorm/Thunderstorm are likely over Rajasthan. Sowing of guar usually picks up momentum in Rajasthan in July-August. So, it's too early to crib on weather.

#### TECHNICALS:

The candlesticks showing bearish tone. The stochastic is bullish. The % K line after crossing the % D line from below moving towards normal region showing bullish trend. The MACD along with its EMA moving downwards, showing down trend at medium term.

#### OUTLOOK:

The prices of guar seed as well as guar gum are expected to move downward following a steady to weak opening with possibility of upward movement later.

#### NCDEX August Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	1972	1946	2030	2080	2108
Guar gum July	4962	4900	5063	5158	5228

#### INTRADAY TRADE RECOMMENDATION:

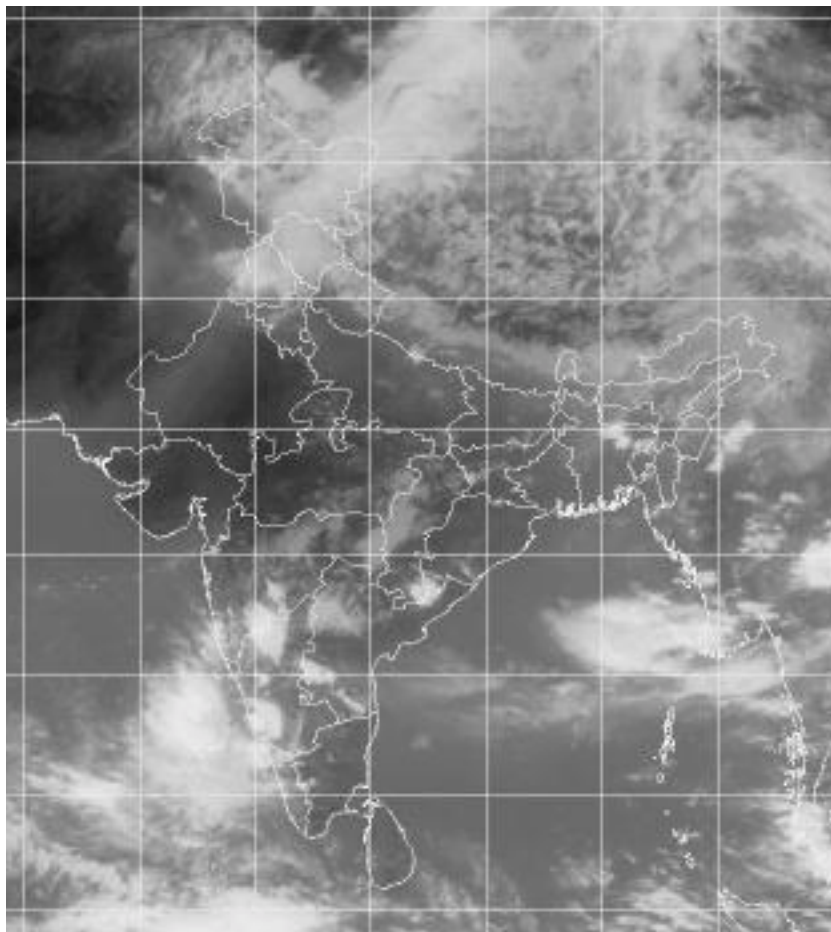
**Sell NCDEX- August Guar Seed** near 2045-2055 with target of 2000, and then 1975 Stop loss at 2075.

**Sell NCDEX- August Guar Gum** near 5075-5095 with target of 5025 then 4995. Stop loss at 5115.

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

Commodity	Centres	16.06.06	15.06.06	Change
Guar Seed	Bikaner	1940	1975-2000	-60
	Jodhpur	2000	2050	-50
	Nokha	1870	1870	-
	Sriganganagar	1850-1855	1885	-30
Guar Gum	Jodhpur	5000	5150-5200	-200

### Satellite Picture of Monsoon Progress (16.06.06)



**Source:** IMD

- There are favorable signals of revival of South West Monsoon activity over the south peninsula around 19<sup>th</sup>. Scattered rains have already commenced over Kerala and Coastal Karnataka. This activity is likely to increase during next 2-3 days and subsequently extend north wards along the west coast.
- Fairly widespread rainfall activity has occurred over northeastern States with isolated heavy falls. This activity is likely to continue for next 2-3 days.
- Scattered rain/thundershower have occurred over western Himalayas and isolated duststorm/thunderstorm over plains of northwest India in association with a western disturbance. This activity is likely to continue during next 1-2 days.

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