

GUAR DAILY

June 13, 2006

GUAR

SPOT MARKETS:

The guar prices improved somewhat in different spot markets on increased demand amidst meagre arrivals. Bullish tone in futures market on speculative buying activities is mainly underpinning the physical market sentiments. Good demand was witnessed from traders to hedging guar seed against futures market. Millers demand for processing guar seed remained higher at lower price levels. Buyers' interest reportedly increased on the speculation of weak monsoon in the coming days. Moreover, IMD's prediction of below normal rainfall is also playing a vital role in the mind of buyers. Farmers closely watching the monsoon progress in order to taking sowing decision. Traders are optimistic about rising of guar prices in coming futures. Traders have been monitoring futures market sentiments as well as monsoon progress for further direction.

FUTURES MARKETS:

The guar gum futures at the NCDEX witnessed upwards trade at the early hours on increased buying support following a much higher opening. However, at the higher levels some profit making capped the early gains and traded downwards thereafter. Finally the futures settled at positive territory with some gains. The near month June contract traded in the range of 1993-2054, while the July contract fluctuated in the range of 2071-2150. The near month June contract for guar gum traded in the range of Rs. 4995-5164 while the July contract fluctuated in the range of 5135-5288 during Monday's trade.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity

Bullish:

2. Decreasing arrivals
3. Weak progress of S.W. monsoon
4. Bullish tone of futures market
5. Increased demand from millers as well as traders

Weather:

The country has been running through the weak monsoon phase. Heat wave conditions are likely to prevail over some more parts of Rajasthan with day temperature around 45°C or more. This may pending the guar seed sowing. Farmers have to wait and watch for the monsoon advances to sow guar crops.

TECHNICALS:

The candlesticks are bullish. The stochastic is bearish. The % K line after crossing the % D line from the above moving towards oversold 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 upward initially following a steady to firm opening with possibility of downwards movement later.

NCDEX July Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	2058	2031	2099	2196	2218
Guar gum July	5110	5048	5189	5367	5442

INTRADAY TRADE RECOMMENDATION:

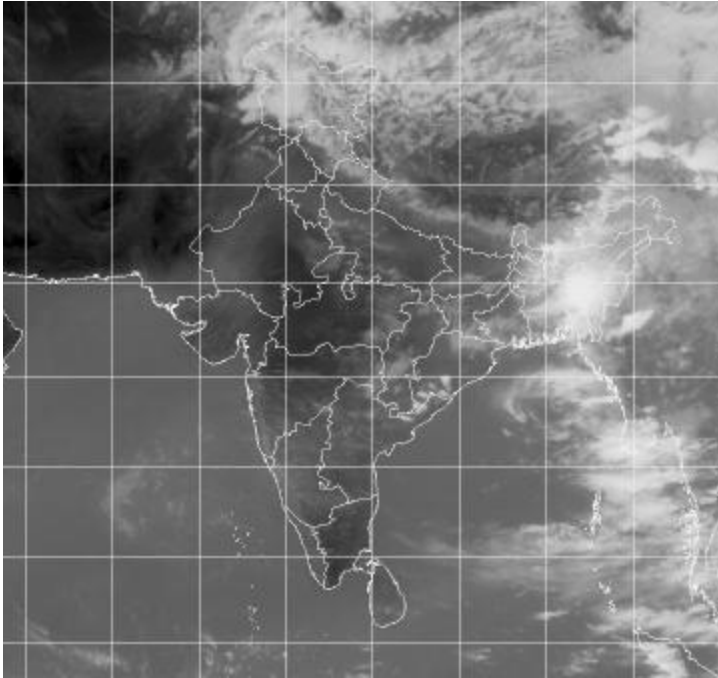
Buy NCDEX- July Guar Seed near 2079-2089 with target of 2134, and then 2159 Stop loss at 2059.

Buy NCDEX- July Guar Gum near 5150-5170 with target of 5220 then 5250. Stop loss at 5130.

Do not carry forward the position until the next day.

Commodity	Centres	12.06.06	10.06.06	Change
Guar Seed	Bikaner	2000	1960	+40
	Jodhpur	2100-2125	2100	+25
	Nokha	1924	1900	+24
Guar Gum	Sriganganagar	1920	1920	-
	Jodhpur	5250	4975-5100	+150

Satellite Picture of Monsoon Progress (12.06.06)



Source: IMD

- There are no signatures of the revival of southwest monsoon during next 4-5 days.
- The weak monsoon conditions with subdued rainfall activity still continue to prevail over south Peninsula and east India. However, fairly widespread rainfall activity has occurred over northeastern States with isolated heavy to very heavy falls over Assam & Meghalaya and Arunachal Pradesh. This type of situation is likely to continue for next 4-5 days.