

GUAR DAILY

June 12, 2006

GUAR

SPOT MARKETS:

The guar prices continued bearish in different spot markets on steady demand amidst meagre arrivals. Sharply bearish tone in futures market on profits booking activities mainly underpinning the physical market sentiments. Moreover, some rumour on monsoon also mushrooming in different spot markets. Somewhat good demand was witnessed from traders to hedging guar seed against futures market. Millers demand for processing guar seed remained steady at lower price levels. However, monsoon progress is weak and hasn't advanced since June 6. Therefore, farmers have been waiting for sowing decision. Traders are optimistic about rising of guar prices in coming futures. There is confusion among traders on monsoon activity. Traders have been monitoring futures market sentiments as well as monsoon progress for further direction.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed slightly northwards trade initially on increased buying interest following a firm opening. However, increased profit-booking activities at the higher levels pressurised the futures and slid to lower level thereafter. Finally the futures settled at negative territory with losses. The near month June contract traded in the range of 1966-2054, while the July contract fluctuated in the range of 2041-2134. The near month June contract for guar gum traded in the range of Rs. 4890-5080 while the July contract fluctuated in the range of 5020-5239 during weekend.

PRICE DRIVERS:

Bearish:

1. Rumour about arrivals of monsoon next week in Rajasthan
2. Sharply bearish tone of futures market

Bullish:

3. Decreasing arrivals
4. Weak progress of S.W. monsoon

Weather:

The country has been running through the weak monsoon phase. Heat wave conditions are likely to develop over some parts of Rajasthan with day temperature around 45°C. 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 bearish. 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 slightly upwards, showing up trend at medium term.

OUTLOOK:

The prices of guar seed as well as guar gum are expected to move slightly downward initially following a steady to firm opening and upward movement later.

NCDEX July Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	2015	1984	2061	2150	2200
Guar gum July	4954	4900	5070	5292	5348

INTRADAY TRADE RECOMMENDATION:

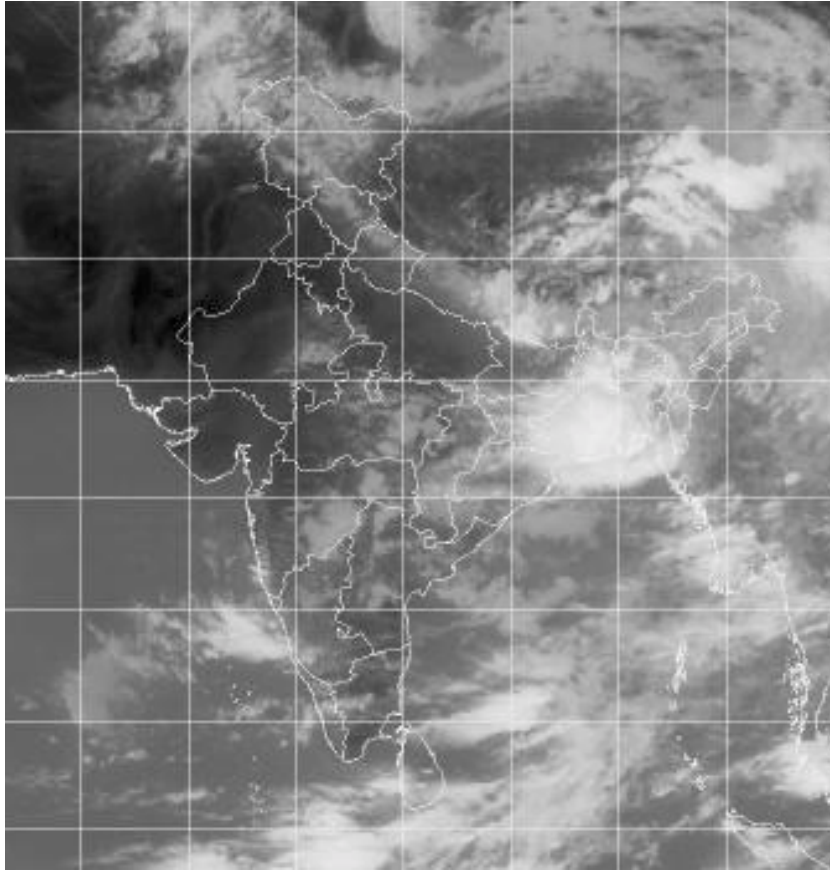
Buy NCDEX- July Guar Seed near 2040-2050 with target of 2095, and then 2120 Stop loss at 2020.

Buy NCDEX- July Guar Gum near 5030-5050 with target of 5100 then 5130. Stop loss at 5010.

Do not carry forward the position until the next day.

Commodity	Centres	10.06.06	09.06.06	Change
Guar Seed	Bikaner	1960	1980	-20
	Jodhpur	2100	2125	-25
	Nokha	1900	1924	-24
Guar Gum	Sriganganagar	1920	1930	-10
	Jodhpur	4975-5100	5125	-50

Satellite Picture of Monsoon Progress (10.06.06)



Source: IMD

- Largely dry weather conditions with day temperature of 42-44°C are prevailing over northwest and central India. The temperatures are likely to rise further with possibility of development of heat wave conditions over some parts of northwest India.
- The weak monsoon conditions with subdued rainfall activity prevailed over south Peninsula and east India. However, fairly widespread rainfall activity has occurred over West Bengal & Sikkim and northeastern States with isolated heavy falls over Assam and Tripura.