

## GUAR DAILY

June 14, 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 Haryana and Rajasthan due to lower pressure area restricted buyers' activity. The confusion over monsoon activity and sudden rainfall led to buyers to remained 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. The S.W. monsoon despite its early arrival ahead of normal schedule experienced a weak phase between June 2 and June 6, which according to the weather bureau is likely to continue until around June 19. Farmers closely monitoring 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 decision.

#### FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed some southwards trade initially on increased profit booking interest following a firm opening. Increased buying activities at the lower levels recovered the futures and traded upwards thereafter. However, profit-booking activities resisted the further advancement. Finally the futures settled lower with some losses. The near month June contract traded in the range of 1958-2001, while the July contract fluctuated in the range of 2036-2093. The near month June contract for guar gum traded in the range of Rs. 4903-5100 while the July contract fluctuated in the range of 5049-5187 during Tuesday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Confusion among traders on monsoon activity
2. Rumour on monsoon arrivals in Rajasthan and Haryana
3. Decreasing market activity

##### Bullish:

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

#### Weather:

The country has been running through the weak monsoon phase. This may cause some delay in guar seed sowing.

#### TECHNICALS:

Engulfing bearish pattern occurs during a downtrend, which indicates a bullish reversal. The stochastic is bearish. The % K line along with the % D line moving towards oversold region with possibility of technical correction. 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 weak opening and some upward movement thereafter.

#### NCDEX July Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	2010	1992	2053	2153	2180
Guar gum July	4993	4937	5080	5333	5400

#### INTRADAY TRADE RECOMMENDATION:

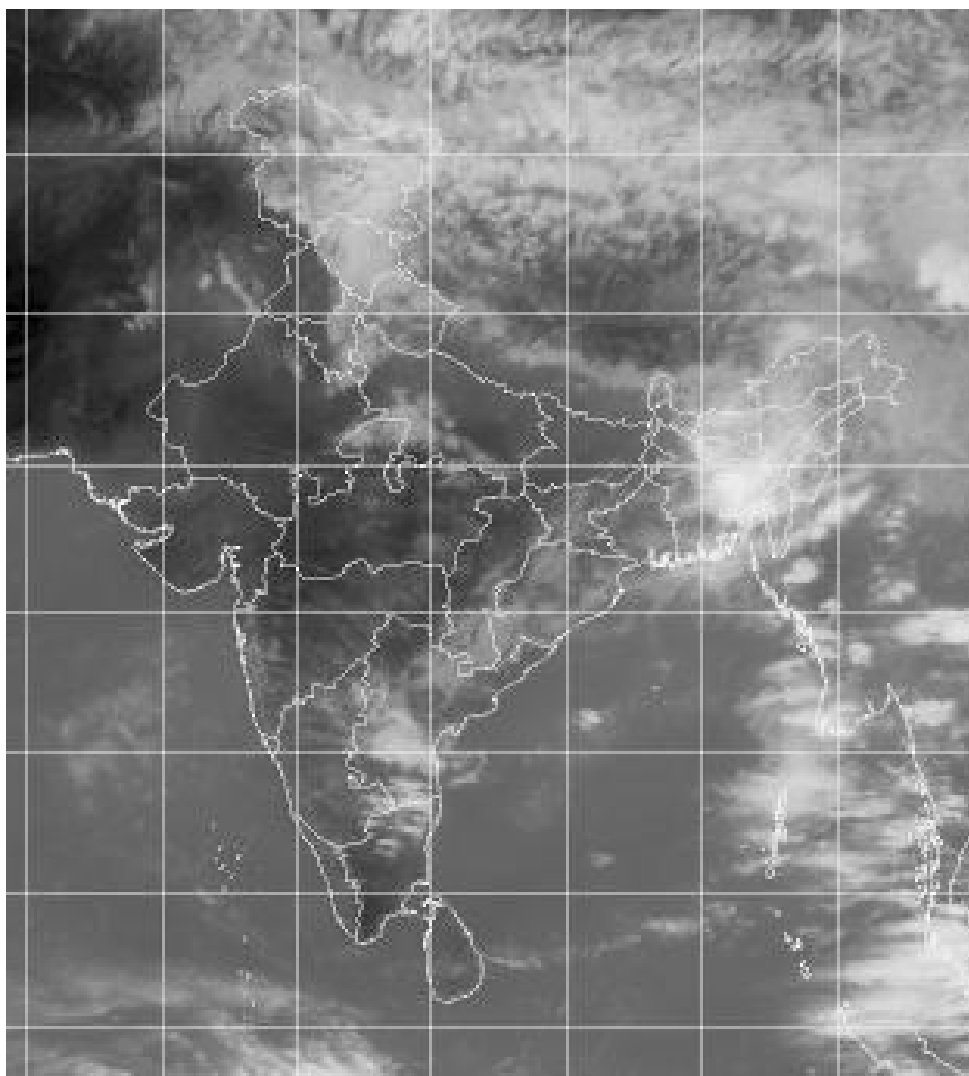
**Buy NCDEX- July Guar Seed** near 2032-2042 with target of 2087, and then 2112 Stop loss at 2012.

**Buy NCDEX- July Guar Gum** near 5040-5060 with target of 5120 then 5155. Stop loss at 5015.

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

Commodity	Centres	13.06.06	12.06.06	Change
Guar Seed	Bikaner	1960	2000	-40
	Jodhpur	2030-2050	2100-2125	-75
	Nokha	1900	1924	-24
	Sriganganagar	1872	1920	-48
Guar Gum	Jodhpur	5200	5250	-50

### Satellite Picture of Monsoon Progress (13.06.06)



**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 falls over Nagaland, Manipur, Mizoram & Tripura. This type of situation is likely to continue for next 4-5 days.
- Under persistent dry weather conditions, the day temperatures over plains of northwest India and adjoining parts of Eastern and Central India are prevailing between 40-44°C.

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