

GUAR DAILY

June 21, 2006

GUAR

SPOT MARKETS:

The guar prices improved somewhat over previous weakness in different spot markets on steady demand coupled with meagre arrivals. Moreover sharply bullish tone in futures market motivated buyers. However, seller's activity was reportedly lower. The stockiest were not in mood to release their stocks presently. Everybody related to guar closely monitoring the S.W. monsoon progress for further direction. However, according to IMD's projection the prevailing conditions of weak monsoon may improve in a short period. Millers demand for processing guar seed remained steady at lower price levels. The monsoon progress, amount of rainfall in different growth stage of crop and sowing acreage would decide the guar market sentiments in coming futures.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed sharply upward trade following a firm opening. Increased profit booking interest at the lower levels lifted the futures at some higher levels. Finally, the futures settled higher with huge gains. The July contract traded in the range of 1892-1959, while the August contract fluctuated in the range of 1946-2017. The July contract for guar gum traded in the range of Rs. 4832-4980 while the August contract fluctuated in the range of 4920-5063 during Tuesday.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity
2. IMD's prediction about revival of monsoon in Peninsular India

Bullish:

3. Decreasing arrivals
4. Sharply bullish tone in the futures market
5. Lower activity of sellers

Weather:

Isolated Duststorm/Thunderstorm are likely over Rajasthan. Sowing of guar usually picks up momentum in Rajasthan in July-August. Any short fall in rainfall in this period severely affect the sowing.

TECHNICALS:

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

OUTLOOK:

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

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	1937	1910	2002	2050	2077
Guar gum July	4889	4828	5005	5096	5158

INTRADAY TRADE RECOMMENDATION:

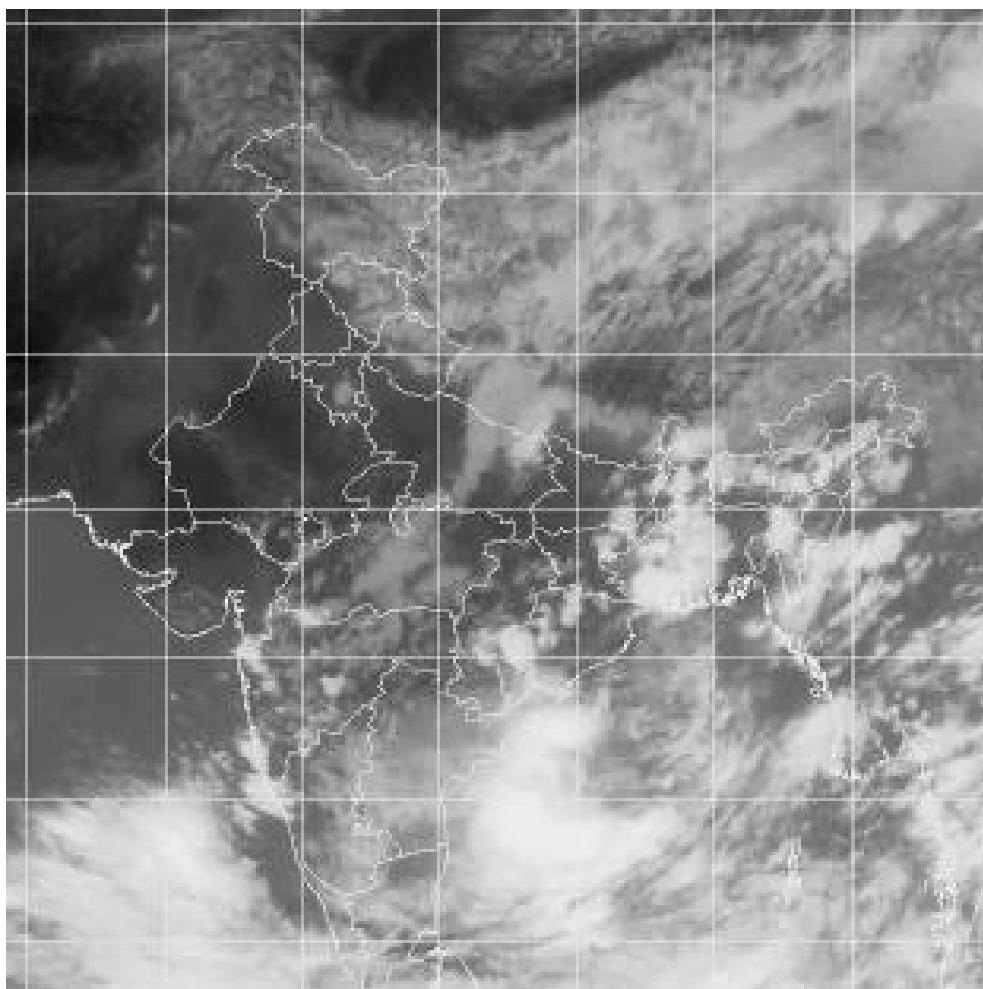
Sell NCDEX- August Guar Seed near 2015-2025 with target of 1970, and then 1945 Stop loss at 2045.

Sell NCDEX- August Guar Gum near 5025-5045 with target of 4955 then 4915. Stop loss at 5075.

Do not carry forward the position until the next day.

Commodity	Centres	20.06.06	19.06.06	Change
Guar Seed	Bikaner	1900-1920	1850-1880	+40
	Jodhpur	2025	1950	+75
	Nokha	1850	1810	+40
Guar Gum	Sriganganagar	1865-1870	1800	+70
	Jodhpur	4925	4800	+125

Satellite Picture of Monsoon Progress (20.06.06)



Source: IMD

- ✓ Conditions are favourable for strengthening of southwest monsoon activity over the peninsula including Maharashtra during next 48 hours.
- ✓ Rain/Thundershower have occurred at a few places over Konkan & Goa, Coastal Karnataka and Kerala and Isolated over South interior Karnataka, Rayalaseema, coastal Tamil Nadu, Vidarbha, West Madhya Pradesh, East Rajasthan, northeastern states and Haryana.

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