

## GUAR DAILY

June 05, 2006

### GUAR

#### SPOT MARKETS:

The guar prices remained higher in all of the domestic markets following upwards trading during last couples of days. The spot market mainly following the sharply bullish tone in the futures market. The sellers' activity reportedly increased. The higher demand witnessed from the millers as well as stockists even at higher price levels. The traders were also purchasing guar to hedge it against futures market. However, the traders were mostly confused over monsoon progress. Good demand coupled with lower arrivals mainly underpinning the market sentiments. Everybody related with guar trading eyeing towards futures market sentiments as well as monsoon progress for further direction.

#### FUTURES MARKETS:

The guar seed futures at the NCDEX continued it's upwards trade on increased speculative buying following a weak opening. The futures ran into continuous buying support throughout the day and reached to some higher levels. Finally the futures settled at positive territory with gains. The near month June contract for guar seed traded in the range of 1956-2044 while the July contract fluctuated in the range of 2026-2124. The near month June contract for guar gum traded in the range of Rs. 4930-5100 while the July contract fluctuated in the range of 5041-5260 during weekend.

#### PRICE DRIVERS:

##### Bearish:

1. Early advancement of S.W. Monsoon.

##### Bullish:

2. Higher demand from millers as well as stockists
3. Decreasing arrivals
4. Increased activity of sellers
5. Sharply higher trading in futures market

#### Weather

Yesterday's low-pressure area over southeast Rajasthan has become less marked. It is now seen as a trough extending upto 3.1 km a.s.l. from Himachal Pradesh to northwest Madhya Pradesh..If the monsoon now advances without any delay it will benefit the farmers and sowing of guar seed in advance but it is important to see the spread of the rains during the entire season.

#### TECHNICALS:

Candlesticks are bullish. The stochastic is bullish. The %K line after crossing the %D line from below moving northwards to normal region showing some up trend. 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 upwards movement initially following a weak opening with possibility of some downwards movement later.

#### NCDEX July Contract



#### SUPPORT / RESISTANCES:

| Contract       | S1   | S2   | PCP  | R1   | R2   |
|----------------|------|------|------|------|------|
| Guar seed July | 2058 | 2031 | 2099 | 2176 | 2200 |
| Guar gum July  | 5095 | 5019 | 5171 | 5320 | 5395 |

#### INTRADAY TRADE RECOMMENDATION:

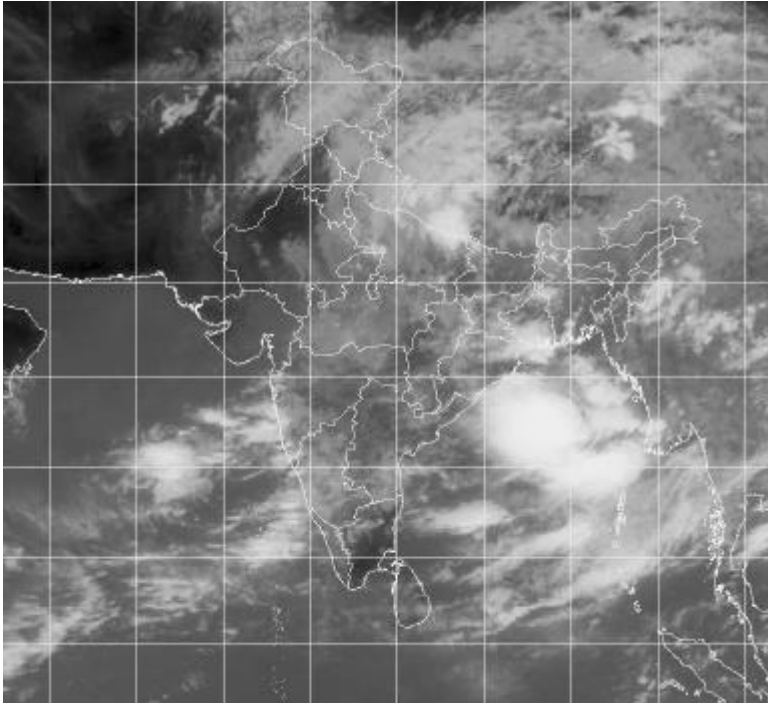
**Buy NCDEX- July Guar Seed** near 2070-2080 with target of 2115, and then 2135 Stop loss at 2055.

**Buy NCDEX- July Guar Gum** near 5120-5140 with target of 5180 then 5205. Stop loss at 5105.

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

| Commodity | Centres       | 03.06.06 | 02.06.06  | Change |
|-----------|---------------|----------|-----------|--------|
| Guar Seed | Bikaner       | 1960     | 1930      | +30    |
|           | Jodhpur       | 2020     | 1975-1990 | +30    |
|           | Nokha         | 1924     | 1872      | +52    |
|           | Sriganganagar | 1900     | 1890      | +10    |
| Guar Gum  | Jodhpur       | 5100     | 4992      | +108   |

### Satellite Picture of Monsoon Progress (03.06.06)



Source: IMD

Isolated heavy rainfall is likely over Coastal Karnataka, Madhya Maharashtra, Konkan & Goa, Himachal Pradesh, Uttaranchal, Uttar Pradesh, and West Bengal. Southwest monsoon has further advanced into parts of Gujarat. Conditions are now favourable for its further advance into remaining parts of Gangetic West Bengal including Kolkata and remaining parts of Sub-Himalayan West Bengal & Sikkim during next 48 hours.