

## GUAR DAILY

June 10, 2006

### GUAR

#### SPOT MARKETS:

The guar prices down further 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. 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 right from the next day. There is confusion among traders on monsoon activity. Moreover, some rumour on monsoon also mushrooming in different spot markets. 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 upwards trade initially on increased buying interest following a weak opening. However, 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 2001-2096, while the July contract fluctuated in the range of 2085-2189. The near month June contract for guar gum traded in the range of Rs. 4962-5189 while the July contract fluctuated in the range of 5115-5365 during Friday's trade.

#### 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. Dry weather is likely to over Rajasthan, Gujrat, Haryana. Day temperatures are likely to increase by 2-3 °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 normal 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 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	2035	2015	2105	2170	2204
Guar gum July	5100	5010	5220	5442	5499

#### INTRADAY TRADE RECOMMENDATION:

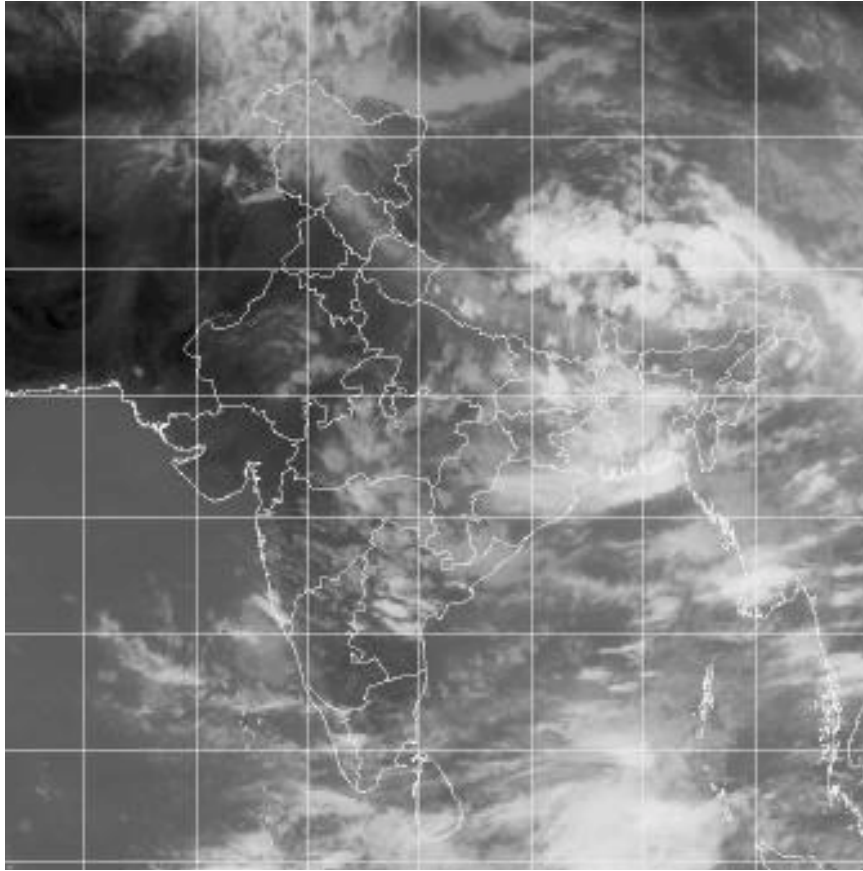
**Buy NCDEX- July Guar Seed** near 2070-2080 with target of 2125, and then 2150 Stop loss at 2050.

**Buy NCDEX- July Guar Gum** near 5170-5190 with target of 5240 then 5270. Stop loss at 5150.

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

Commodity	Centres	09.06.06	08.06.06	Change
Guar Seed	Bikaner	1980	2000	-20
	Jodhpur	2125	2125-2150	-
	Nokha	1924	1955	-31
Guar Gum	Sriganganagar	1930	1990	-60
	Jodhpur	5125	5175	-50

### Satellite Picture of Monsoon Progress (09.06.06)



**Source:** IMD

- Weak monsoon conditions continue to prevail along the west coast and over interior Peninsula. The enhanced rainfall activity over eastern parts of the country for the last 3-4 days has also decreased considerably.
- Largely dry weather conditions with day temperature of 41-43°C are prevailing over northwest and central India.
- This scenario of weak monsoon conditions and subdued rainfall activity is likely to prevail over most parts of the country for next 4-5 days except over northeastern States where the rainfall is likely to increase with isolated heavy falls.