

GUAR DAILY

June 16, 2006

GUAR

SPOT MARKETS:

The guar prices turned towards bullish in different spot markets on improved demand amidst meagre arrivals. The weakness of monsoon progress is mainly underpinning the market sentiments. Moreover, the sharply bullish tone of the futures market also governing physical market activities. The traders were waiting for the upward trade in the futures market. Presently, they are optimistic of further increase of price levels. However, some confusion over monsoon activity and sudden rainfall in some parts of Rajasthan led some of the buyers to remain at sidelines. Millers demand for processing guar seed reportedly good throughout the day. Farmers closely monitoring the monsoon progress in order to taking sowing decision. According to some traders, the guar farmers likely to diversify towards moong due to higher market prices of it. However, the monsoon progress, amount of rainfall and comparative advantage of different suitable commodities would decide the guar market sentiments in coming futures.

FUTURES MARKETS:

The guar futures at the NCDEX witnessed almost sideways trading at the early hours. Increased selling interest at the higher levels pressurised the futures initially following a firm opening. However, increased buying motives at the lower levels supported the futures and traded sharply upwards thereafter. The futures settled much higher with some gains in final action. The July contract traded in the range of 1905-2027, while the August contract fluctuated in the range of 1962-2098. The near month July contract for guar gum traded in the range of Rs. 4788-5040 while the August contract fluctuated in the range of 4892-5150 during Thursday's trade.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity

Bullish:

2. Decreasing arrivals
3. Weak progress of S.W. monsoon
4. Higher demand from millers and traders
5. Sharply bullish tone of futures market.

Weather:

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

TECHNICALS:

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

OUTLOOK:

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

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	2048	2026	2053	2191	2217
Guar gum July	5047	5000	5080	5327	5400

INTRADAY TRADE RECOMMENDATION:

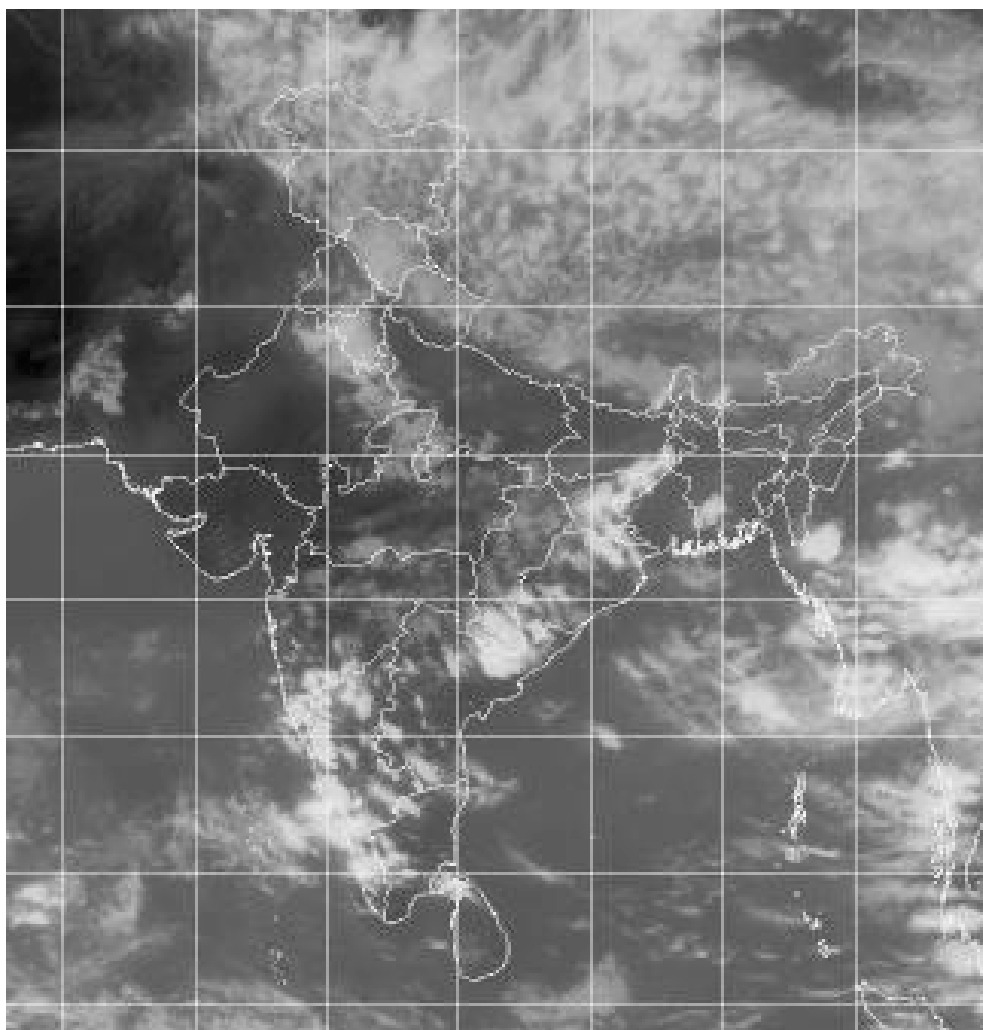
Buy NCDEX- August Guar Seed near 2060-2070 with target of 2110, and then 2132 Stop loss at 2043.

Buy NCDEX- August Guar Gum near 5070-5090 with target of 5140 then 5170. Stop loss at 5050.

Do not carry forward the position until the next day.

Commodity	Centres	15.06.06	14.06.06	Change
Guar Seed	Bikaner	1975-2000	1900	+100
	Jodhpur	2050	2000	+50
	Nokha	1870	1851	+19
	Sriganganagar	1885	1825	+60
Guar Gum	Jodhpur	5150-5200	4850	+350

Satellite Picture of Monsoon Progress (15.06.06)



Source: IMD

- Weak monsoon conditions with subdued rainfall activity still continue to prevail over south Peninsula and east India.
- Fairly widespread rainfall activity has occurred over northeastern States with isolated heavy falls. This activity is likely to continue for next 2-3 days.

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