

GUAR DAILY

June 30, 2006

GUAR

SPOT MARKETS:

The guar prices plunged in different domestic market on the news of export ban of guar seed by the Ministry of Commerce. Moreover, sharply bearish nature of futures market is underpinning the physical market tone. The favourable progress of S.W. monsoon and pre monsoon showers in different parts of major guar producing belts also supported the prevailed sentiments of market. However, lower stocks were reported from different spot markets of Rajasthan. such as Nokha, Burmer etc. According to some traders Sriganganagar as well as Hunumannagar districts of Rajasthan still having comparatively good stocks and guar seed was reportedly supplied to different parts from these belts. Favourable monsoon activity would lead to prevail bearish tone at market in coming future. However, the traders are optimistic of further increase in prices for the next of couples of days on good demand amidst meagre arrivals.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed sharply downward trade following a weak opening. Prohibition of export of Guar Seeds by the Ministry of Commerce motivated sellers' activity and slid down the futures very lower sides. However, some buying interest at the lower levels supported the futures and capped some of the early losses. Finally the futures settled lower with losses. The July contract traded in the range of 1790-1877, while the August contract fluctuated in the range of 1833-1933. The July contract for guar gum traded in the range of Rs. 4648-4845 while the August contract fluctuated in the range of 4715-4945 during Thursday's trade.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity
2. Favourable advancement of S.W. monsoon.
3. Ban of guar seed export
4. Sharply bearish tone of futures market

Bullish:

5. Decreasing arrivals
6. Lower carry forward stocks

Weather:

Progress of rainfall in the coming weeks is crucial for the crop. Farmers of guar producing belts should prepare their lands for sowing their kharif guar crops.

TECHNICALS:

The candlesticks showing bearish tone. The stochastic is bullish and moving upwards to normal region. The MACD along with its EMA moving downwards, showing weakness at medium term.

OUTLOOK:

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

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed Aug.	1822	1800	1964	1929	1944
Guar gum Aug.	4724	4700	4795	4938	4978

INTRADAY TRADE RECOMMENDATION:

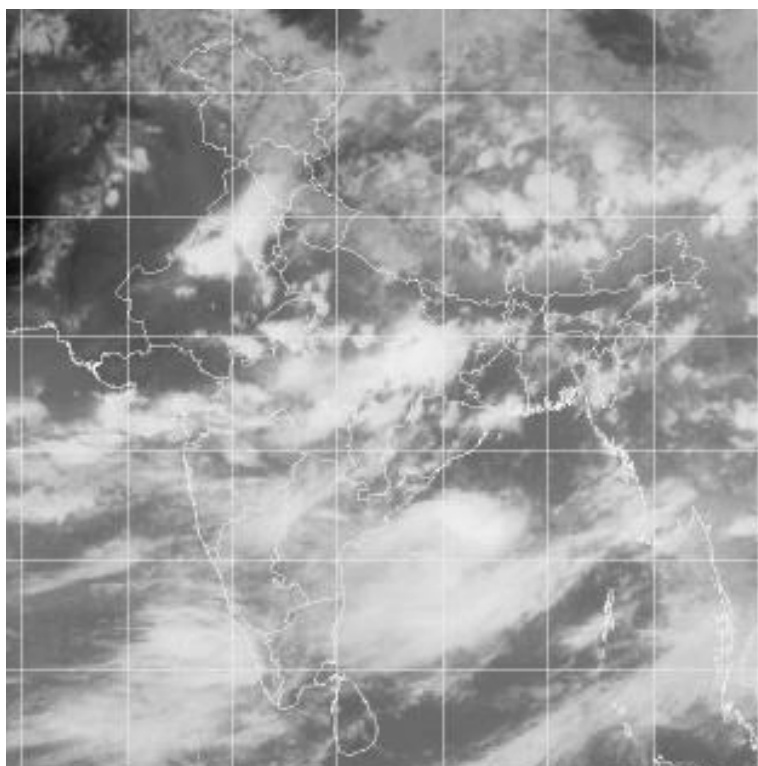
Buy NCDEX- August Guar Seed near 1840-1850 with target of 1885, and then 1905 Stop loss at 1825.

Buy NCDEX- August Guar Gum near 4740-4760 with target of 4800 then 4825 Stop loss at 4725.

Do not carry forward the position until the next day.

Commodity	Centres	30.06.06	29.06.06	Change
Guar Seed	Bikaner	1800	1870	-70
	Jodhpur	1900-1925	1975	-75
	Nokha	Closed	1820	-
Guar Gum	Sriganganagar	1775	1820-1825	-50
	Jodhpur	5000	5050	-50

Satellite Picture of Monsoon Progress (29.06.06)



Source: IMD

- ✍ Southwest monsoon has advanced into some more parts of Gujarat; remaining parts of Vidarbha, Chhattisgarh and East Uttar Pradesh; some parts of West Uttar Pradesh, many parts of Madhya Pradesh, Uttaranchal and Himachal Pradesh and most parts of Jammu & Kashmir. **Northern Limit of Monsoon passes through 23°N/65°E, Bhuj, Ahmedabad, Guna, Jhansi, Barielly, Dehradun, Shimla, Dharamshala and Jammu.**
- ✍ The upper air cyclonic circulation in the middle levels over Bay of Bengal has descended upto surface and now extends upto mid tropospheric level. It is likely to result in formation of a low pressure over northwest and adjoining west-central Bay of Bengal during next 24-48 hours. Under its influence, the rainfall activity over Gangetic West Bengal, Jharkhand, Orissa and Coastal Andhra Pradesh is likely to increase during next 2-3 days. This activity is likely to extend into Chhattisgarh, East Madhya Pradesh, Vidarbha, East Uttar Pradesh and Telangana subsequently. With the formation of this low pressure area the rainfall activity over Konkan & Goa and Madhya Maharashtra is also likely to enhance.
- ✍ The upper air cyclonic circulation extending upto mid tropospheric levels over northeast Arabian Sea persists.

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