

## GUAR DAILY

June 29, 2006

### GUAR

#### SPOT MARKETS:

The guar prices improved over early weakness in different domestic market on good demand amidst very poor arrivals. It is talk in the market that exports demand from guar seed is increased. However, the stocks position is very weak. The stocks almost finished in 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. Moreover, the bullish tone of futures market also increased market activity and underpinning the spot market sentiments. Favourable monsoon progress encouraged farmers to prepare their respective land for guar cultivation. 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.

#### FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed some downward trade initially following a weak opening. However, some buying interest at the lower level supported the futures and traded upwards thereafter. Finally the futures settled higher with some gains. The July contract traded in the range of 1847-1912, while the August contract fluctuated in the range of 1886-1964. The July contract for guar gum traded in the range of Rs. 4760-4913 while the August contract fluctuated in the range of 4852-5010 during Wednesday's trade.

#### PRICE DRIVERS:

##### Bearish:

1. Confusion among traders on monsoon activity
2. Favourable advancement of S.W. monsoon.

##### Bullish:

3. Decreasing arrivals
4. Lower carry forward stocks
5. Increased domestic as well as export demand

#### 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.

#### Guar Prices at Major Markets in Rajasthan:

#### TECHNICALS:

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

#### OUTLOOK:

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

#### NCDEX August Contract



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed Aug.	1918	1892	1942	2000	2028
Guar gum Aug.	4900	4848	4955	5065	5096

#### INTRADAY TRADE RECOMMENDATION:

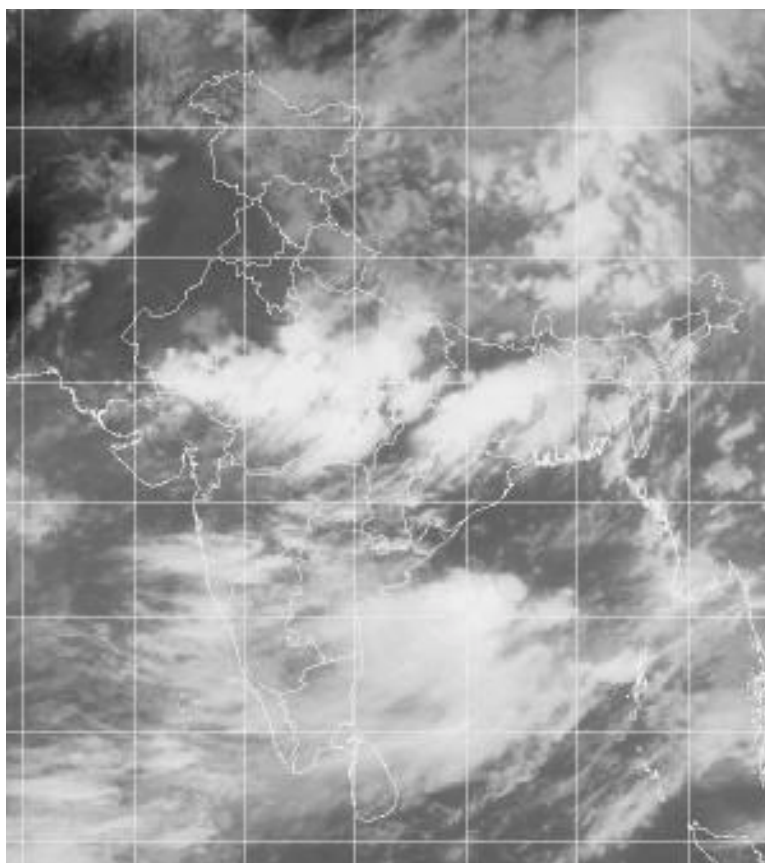
**Buy NCDEX- August Guar Seed** near 1925-1935 with target of 1970, and then 1990 Stop loss at 1910.

**Buy NCDEX- August Guar Gum** near 4910-4930 with target of 5000 then 5040. Stop loss at 4880.

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

Commodity	Centres	28.06.06	27.06.06	Change
Guar Seed	Bikaner	1870	1850	+20
	Jodhpur	1975	1960	+15
	Nokha	1820	1800	+20
	Sriganganagar	1820-1825	1790	+35
Guar Gum	Jodhpur	5050	5018	+32

## Satellite Picture of Monsoon Progress (27.06.06)



**Source: IMD**

- ✍ An upper air cyclonic circulation has already formed in the middle troposphere over Bay of Bengal. It is likely to result in formation of a low pressure over northwest and adjoining west-central Bay of Bengal around 29<sup>th</sup>/30<sup>th</sup>. Under its influence, the rainfall activity over Gangetic West Bengal, Jharkhand, Orissa and Coastal Andhra Pradesh is likely to increase around 29<sup>th</sup> and 30<sup>th</sup> of June. This activity is likely to extend into Chhattisgarh, East Madhya Pradesh, Vidarbha, East Uttar Pradesh and Telengana 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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