

GUAR DAILY

June 15, 2006

GUAR

SPOT MARKETS:

Guar markets featured bearish trend following reports of likely revival of monsoon in next 3-4 days over peninsular India. Also, traders reported that isolated showers in recent in some areas of Bikaner and Haryana had facilitated the sowing of Guari in irrigated areas. These rains in northwestern states, however, had been scanty. As per trade sources, carry-forward stock of guar seed must be higher than 30 lakh bags this year. Market, no doubt, has been reacting impulsively to this weather factor. Sowing of guar usually picks up momentum in Rajasthan in July-August. So, it's too early to crib on weather. Break up of monsoon after early start in fact caused precariousness in the market. Demand for the same was reported good in Sri Ganganagar, where buyers were reported active from Barmer and Jodhpur belts.

FUTURES MARKETS:

Guar July contract opened weak gapping substantially versus previous closing. Futures set out moving downward soon after opening of the session. Downtrend halted after falling speedily in first 40 minutes. Futures thereafter moved in narrow range before second big fall near 14.10 hrs. July Guar contract eventually ended the day off Rs 97 at Rs 1958. Guar gum July futures shed Rs 213 during the day and closed at Rs 4879.

PRICE DRIVERS:

Bearish:

1. Increased speculative selling
2. Onset of sowing of guari in some areas of Haryana and Rajasthan
3. Forecast for revival of monsoon in Peninsular India

Bullish:

4. Demand from the local consumption centers

Weather:

The current meteorological analysis suggests the possibility of revival of monsoon over extreme south Peninsula after 3-4 days.

TECHNICALS:

Candlestick body has formed opening 'marubozu' with very small lower shadow, which shows highly bearish pattern. Prices closed far below both the 9-days and 18-days EMA. Stochastic oscillator is leaning downward in neutral zone. MACD has made centerline crossover, which signals likely reversal in trend.

OUTLOOK:

The prices of guar seed as well as guar gum are expected to open weak and down trend likely to prevail during the day.

NCDEX July Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	1912	1865	1958	2025	2091
Guar gum July	4768	4657	4879	5022	5165

INTRADAY TRADE RECOMMENDATION:

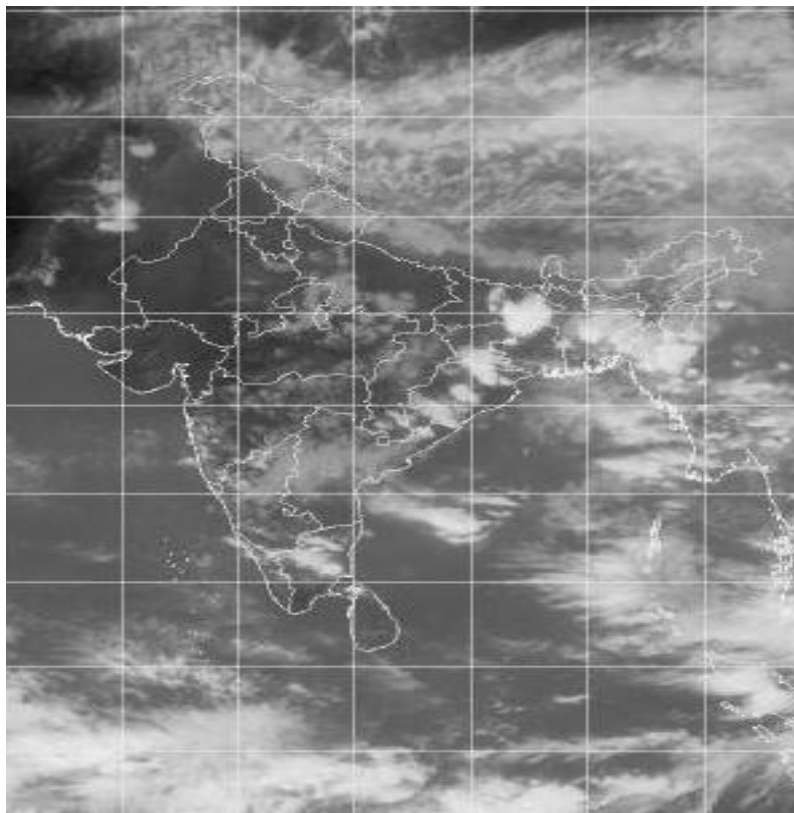
Sell NCDEX- July Guar Seed near 1945-1950 with target of 1920, and then 1900 Stop loss at 1965.

Sell NCDEX- July Guar Gum near 4865-4875 with target of 4825 then 4800. Stop loss at 4885.

Do not carry forward the position until the next day.

Commodity	Centres	14.06.06	13.06.06	Change
Guar Seed	Bikaner	1900	1960	-60
	Jodhpur	2000	2030-2050	-30
	Nokha	1780-1785	1900	-115
Guar Gum	Sriganganagar	1825	1872	-47
	Jodhpur	4850	5200	-350

Satellite Picture of Monsoon Progress (13.06.06)



Source: IMD

- The current meteorological analysis suggests the possibility of revival of monsoon over extreme south Peninsula after 3-4 days.
- However, the weak monsoon conditions with subdued rainfall activity still continue to prevail over south Peninsula and east India.
- Isolated to scattered Dust storm/thunderstorm activity over the plains of northwest India. Day temperatures are likely to remain around 40 °C over the region northwest and central India.

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