

GUAR DAILY

June 26, 2006

GUAR

SPOT MARKETS:

The guar prices slightly improved over early plunged in different spot markets on the advice of somewhat upward tone in futures market. The arrivals remained very poor. Meagre arrivals amidst steady demand also factorising the spot market sentiments. However, favourable progress of S.W. monsoon restricted some activity of buyers. Millers demand for processing guar seed remained steady at some higher levels. The stockiest were not in mood to release their stocks presently. Everybody related to guar eyeing towards S.W. monsoon progress for further direction. The monsoon progress, amount of rainfall in different growth stage of crop and sowing acreage would decide the guar market sentiments in coming futures.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed slightly downward trade initially following a weak opening. However, increased buying support at the lower levels supported the futures and traded some upwards thereafter. Finally, the futures settled higher near days' high with some gains. The July contract traded in the range of 1833-1890, while the August contract fluctuated in the range of 1877-1948. The July contract for guar gum traded in the range of Rs4730-4868 while the August contract fluctuated in the range of 4815-4965 during weekend.

PRICE DRIVERS:

Bearish:

1. Confusion among traders on monsoon activity
2. IMD's prediction about revival of monsoon

Bullish:

3. Decreasing arrivals
4. Somewhat bullish tone of futures market
5. Good demand from millers

Weather:

Sowing of guar usually picks up momentum in Rajasthan in July-August. Any short fall in rainfall in this period severely affect the sowing. Farmers of these areas should wait for sowing their kharif guar crops until the arrivals of monsoon rains.

TECHNICALS:

The candlesticks showing bullish tone. The stochastic is slightly bullish. 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 slightly downwards initially following a steady to firm opening and some upwards movement thereafter.

NCDEX August Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed Aug.	1888	1861	1936	1998	2018
Guar gum Aug.	4848	4788	4935	5098	5148

INTRADAY TRADE RECOMMENDATION:

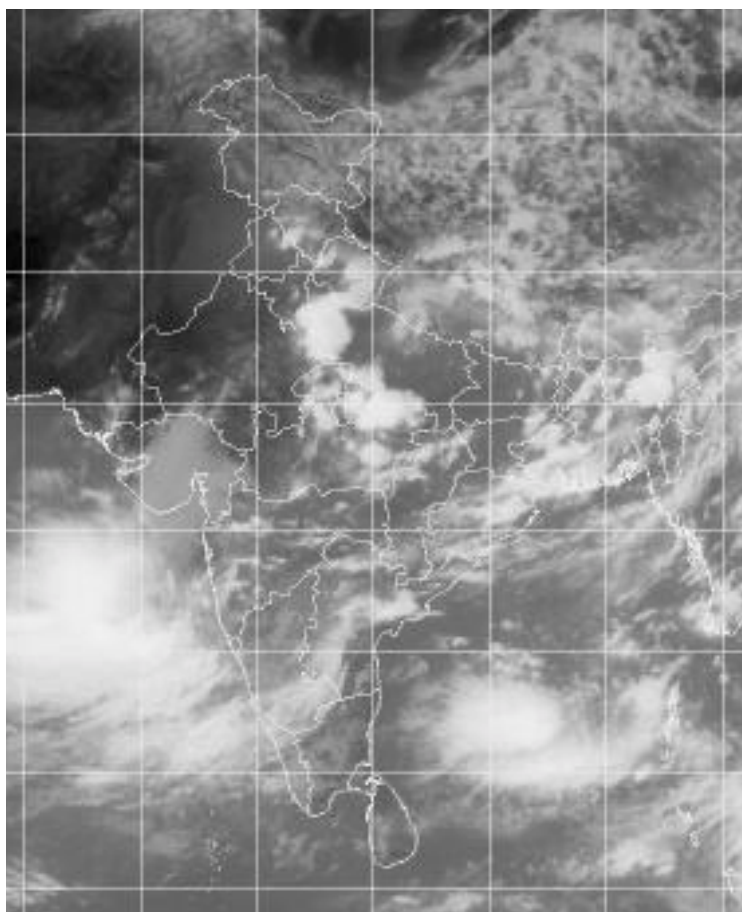
Buy NCDEX- August Guar Seed near 1920-1930 with target of 1970, and then 1992 Stop loss at 1902.

Buy NCDEX- August Guar Gum near 4890-4910 with target of 4960 then 4990. Stop loss at 4870.

Do not carry forward the position until the next day.

Commodity	Centres	24.06.06	23.06.06	
Guar Seed	Bikaner	1890-1900	1880	+20
	Jodhpur	1980-1985	1975	+10
	Nokha	1830	1830	-
Guar Gum	Sriganganagar	1840-1850	1840	+10
	Jodhpur	5075	5050	+25

Satellite Picture of Monsoon Progress (24.06.06)



Source: IMD

- ✍ South west monsoon has further advanced into most parts of Vidarbha, remaining parts of Telangana and some more parts of Chhattisgarh. The Northern Limit of Monsoon as on today, passes through 22.0°N/ 60.0°E, 22.0 °N/ 68.0°E, Porbandar, Rajkot, Ahmedabad, Jalgaon, Amraoti, Nagpur, Durg, Ambikapur, Daltonganj and Raxaul.
- ✍ Heavy to very heavy rainfall occurred at a few places over Lakshadweep, Kerala, Coastal Karnataka and south Konkan & Goa. Light to moderate rain/thundershowers also occurred at many places over interior peninsula, interior Maharashtra, northeastern States, West Bengal & Sikkim, Orissa and Jharkhand.

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