

GUAR DAILY

June 03, 2006

GUAR

SPOT MARKETS:

The guar prices remained bullish in all of the domestic markets following upwards trading last day. The spot market mainly following the sharply bullish tone in the futures market. The sellers' activity reportedly increased. The higher demand witnessed from the millers as well as stockists. The traders were also purchasing guar to hedge it against futures market. The traders were mostly confused over monsoon progress. Good demand coupled with lower arrivals mainly underpinning the market sentiments. Everybody related with guar trading eyeing towards futures market sentiments as well as monsoon progress for further direction.

FUTURES MARKETS:

The guar seed futures at the NCDEX witnessed sharply upwards trade on increased speculative buying following a firm opening. The futures ran into continuous buying support throughout the day and reached to some higher levels. Finally the futures settled higher near days' high with huge gains. The near month June contract for guar seed traded in the range of 1832-1981 while the July contract fluctuated in the range of 1916-2057. The near month June contract for guar gum traded in the range of Rs. 4684-4979 while the July contract fluctuated in the range of 4795-5092 during Friday's trade.

PRICE DRIVERS:

Bearish:

1. Early advancement of S.W. Monsoon.

Bullish:

2. Higher demand from millers as well as stockists
3. Decreasing arrivals
4. Increased activity of sellers
5. Sharply higher trading in futures market

Weather

Rain/thundershowers are likely at a few places over Rajasthan, Isolated squall over Rajasthan and Gujarat. If the monsoon now advances without any delay it will benefit the farmers and sowing of guar seed in advance but it is important to see the spread of the rains during the entire season.

TECHNICALS:

Candlesticks are bullish. The stochastic is bullish. The %K line after crossing the %D line from below moving northwards to normal region showing some up trend. The MACD along with its EMA moving slightly upwards, showing up trend at medium term.

OUTLOOK:

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

NCDEX July Contract



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
Guar seed July	1996	1970	2041	2121	2150
Guar gum July	4954	4888	5040	5220	5308

INTRADAY TRADE RECOMMENDATION:

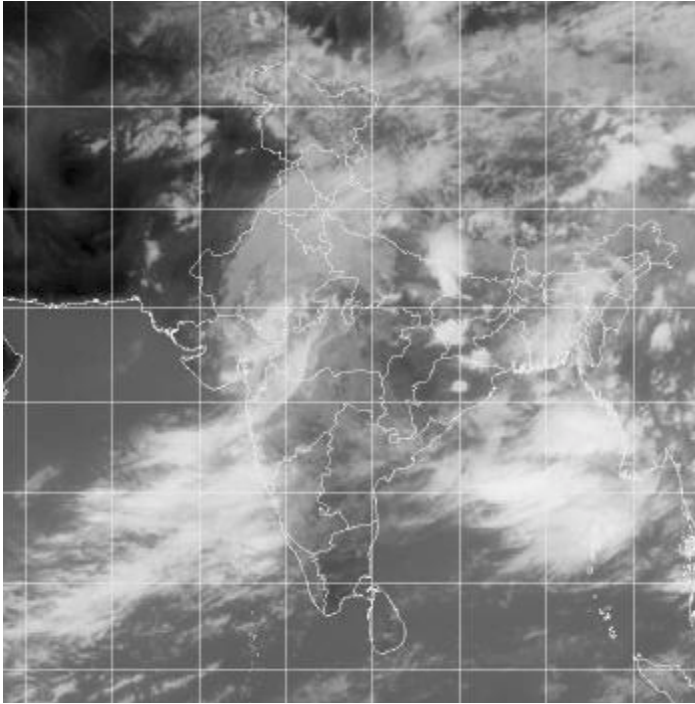
Buy NCDEX- July Guar Seed near 2010-2020 with target of 2055, and then 2075 Stop loss at 1995.

Buy NCDEX- July Guar Gum near 4980-5000 with target of 5050 then 5075. Stop loss at 4965.

Do not carry forward the position until the next day.

Commodity	Centres	02.06.06	01.06.06	Change
Guar Seed	Bikaner	1930	1915	+15
	Jodhpur	1975-1990	1950	+40
	Nokha	1872	1820	+52
	Sriganganagar	1890	1820	+70
Guar Gum	Jodhpur	4992	4850-4880	+112

Satellite Picture of Monsoon Progress



Source: IMD

Southwest monsoon has further advanced into parts of Gujarat. Conditions are now favourable for its further advance into remaining parts of Gangetic West Bengal including Kolkata and remaining parts of Sub-Himalayan West Bengal & Sikkim during next 48 hours.