

GUAR SEED and GUAR GUM

June 18, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Guar seed and gum traded marginally downward
- Guar vayda settled lower

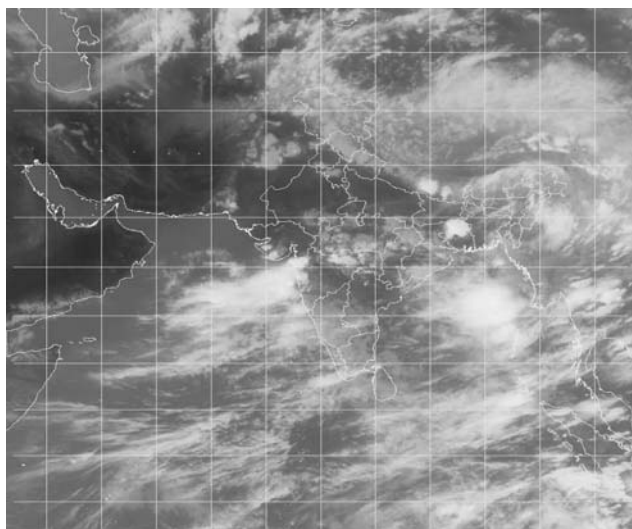
MARKET COMMENTARY OF MAJOR MARKETS

Guar seed futures witnessed range bound trade for whole day and closed at lower level at the end. Monsoon was governing the movement of prices. There was slight rains in Bombay and this pushed the sentiments downward. Guar seed physical markets also followed the same and witnessed slight downward moves today. Bikaner line 98% whitish guar seed traded marginally downward and it was sold at Rs.1665-70 per quintal in Jodhpur market today evening. Nagaur-Merta line was also quoted steady at around Rs.1640 per quintal in the same market.

Bikaner market also witnessed range bound downward trade and guar seed was quoted at Rs.1575-80 per quintal over there. Other markets witnessed steady to marginal downward prices of guar seed today.

Guar gum futures witnessed downward trade with range bound moves today at NCDEX. Guar gum in physical markets also slipped lower and in Jodhpur market, guar gum was available at Rs.4350-75 per quintal today evening.

Satellite Image Showing Monsoon Cloud Cover Over Arabian Sea at 12:00 Noon
(Source:IMD)



Guar market is still in dilemma and waiting for any confirm news regarding monsoon. Though the monsoon has made progress and rains were witnessed in parts of south Konkan & Goa, south madhya Maharashtra, parts of north interior Karnataka, entire Rayalaseema, parts of Telangana, coastal Andhra Pradesh and some more parts of west-central and north Bay of Bengal, but people are thinking that due to poor strength, it will hit Rajasthan very late and that too with poor quantity of rains. Now guar seed is expected to take technical correction towards higher side within a couple of days with the precaution that if there will be good rainfall in Bombay and Goa etc. during next two days, prices may slip lower and on the other hand if rains are not so good, prices will go up.

Salient points of the day

- Range bound downward trade during whole day and closed at lower level at the end.
- Southwest monsoon has further advanced over some more parts of east central Arabian sea, parts of south Konkan & Goa, south madhya Maharashtra, parts of north interior Karnataka, entire Rayalaseema, parts of Telangana, coastal Andhra Pradesh and some more parts of west-central and north Bay of Bengal.
- Clear to cloudy weather in most of the places in major guar growing areas like, Jodhpur, Bikaner, Nokha Ganganagar, etc.
- Market sentiments are bullish but unable to confirm due to monsoon uncertainty.

Prices and arrivals of Guar seed and guar gum in major markets

CommodityCentres	16.06.05	17.06.05	Change
Guar seed: Bikaner	1590	1580	-10
Jodhpur-B line	1680	1670	-10
Jodhpur-M line	1650	1540	-10
Nokha	1520	1520	0
Alwar	1425	1425	0
Khairthal	1410	1410	0
Ganganagar	1600	1590	-10
Guar Gum:	4425	4375	-50

Bikaner Guar Vayda

Guar Prices at Bikaner Vayda

Contract	Prev. Close	Open	Close	Change
July	325.3	324	322.6	-2.7

Price movements at Bikaner Vayda

Bikaner guar seed traded weaker with range bound moves during whole day and ended lower. July vayda opened at 324, traded in the range of 324.5-322.2 and closed at 322.6, i.e., down by Rs.13.5 per quintal from previous close.

WEATHER WATCH

Southwest monsoon has further advanced over some more parts of east central Arabian sea, parts of south Konkan & Goa, south madhya Maharashtra, parts of north interior Karnataka, entire Rayalaseema, parts of Telangana, coastal Andhra Pradesh and some more parts of west-central and north Bay of Bengal.

Forecast for next 24 hours:

North : isolated rain/thundershower likely over Jammu & Kashmir and Himachal Pradesh. Isolated duststorm/thunderstorm likely over Haryana & Delhi. Mainly dry weather in the rest region.

East : rain/thundershowers with isolated squall likely at many places in the northeastern states and sub-Himalayan West Bengal & Sikkim and isolated over the rest region outside Bihar and Jharkhand where weather will be mainly dry.

South : rain/thundershowers likely at many places over Kerala, Lakshadweep, coastal Karnataka and Andaman & Nicobar islands ; at a few places over south interior Karnataka and isolated in the rest of the region .

West : rain/thundershowers likely at many places over Konkan & Goa, at a few places over madhya Maharashtra and isolated in rest Maharashtra and south Gujarat. Isolated duststorm/thunderstorm likely over Rajasthan and west Madhya Pradesh. Mainly dry weather in the rest region.

Warning:

Isolated heavy rainfall likely over Lakshadweep, Kerala, coastal Karnataka, Konkan & Goa, northeastern states, sub Himalayan West Bengal & Sikkim and Andaman & Nicobar Islands.

(Forecast as on June 17, 2005- for next 5 days)

Main Features

Southwest has further advanced over west central and north Bay of Bengal, entire Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Assam & Meghalaya and parts of subHimalayan West Bengal and Sikkim. Northern limit of monsoon passes through 15°N/60°E, 15°N/70°E Pamjim,

Chitradurga, Anantapur, Kaveli, 17°N/85°E, 21°N/89°E, 24°N/90°E & Gangtok.

Prediction suggests that monsoon may progress further, and cover more areas of Sub-Himalayan west Bengal and Konkan & Goa leading to onset of monsoon over Mumbai & neighbourhood during next 3 days.

Heat Wave Condition:

Severe heat wave conditions prevailed over many parts of Orissa, Jharkhand, Bihar, Chhattisgarh, Vidarbha, east U.P. and east M.P. Heat wave conditions also prevailed over parts of west M.P., west Rajasthan and Marathwada. Improvement of in heat wave condition is expected in Orissa and Jharkhand during next 2 days.

NORTH & N-W INDIA [J&K, HP, Uttranchal, Punjab, Haryana, west UP]

Mainly dry weather is likely to prevail over plains of northwest India during next 3-4 days.

A western disturbance is likely is likely to cause Isolated to scattered rainfall/snowfall over hilly regions of NW India (J&K, H.P. and Uttranchal) during next 3 days.

EAST AND NE INDIA [east UP, Bihar, Jharkhand, West Bengal, Orissa, NE states]

North-eastern states and Sub-himalayan West Bengal are likely to receive increased rainfall activity with fairly widespread to widespread rains/thundershowers over the region during next 3-4 days.

Scattered rain/thundershowers are expected over Gangetic West Bengal and Orissa and isolated over Jharkhand and Bihar during next 2-3 days. Thereafter, rainfall activity overGangetic West Bengal is likely to increase.

CENTRAL INDIA [MP, Chattisgarh, Vidarbha]

Mainly dry weather is expected over the region.

Prevailing Heat wave condition over Chattisgarh and South Madhya Pradesh is likely to improve during next 2-3 days.

SOUTH INDIA [Tamilnadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadeep]

Heat wave condition has shown improvement and is now abated from coastal A.P.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands, and Lakshadeep. Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka and Coastal A.P. during next 24 hours. Rainfall activity over Lakshadeep, Kerala and Coastal Karnataka may increase subsequently for next 4 days.

WEST INDIA [Maharashtra other than Vidarbha, Gujarat, Rajasthan]

Gujarat and Rajasthan are likely to experience mainly dry weather during next 2-3 days.

Konkan & Goa, Madhya Maharashtra and Marathawada are likely to receive isolated to scattered rainfall activity. There may be increase in rainfall activity over Konkan & Goa after 18th June.

TECHNICAL ANALYSIS

Commodity: Guar Seed
Perspective: Very Short Term
NCDEX June Contract

Candlestick:

Formation of Candlestick pattern is indicating towards steady opening and range bound trade on Monday.

Stochastic:

The stochastic is moving downward. %K line is about to touch oversold line, hinting that prices may remain weak next day but technical correction is awaited within next 2-3 days.

MACD:

The MACD (5-day) is lying above its EMA but now started moving downward, indicating that prices could remain firm.

Alignment pattern:

The alignment pattern of moving averages is not hinting towards downward moves in prices.

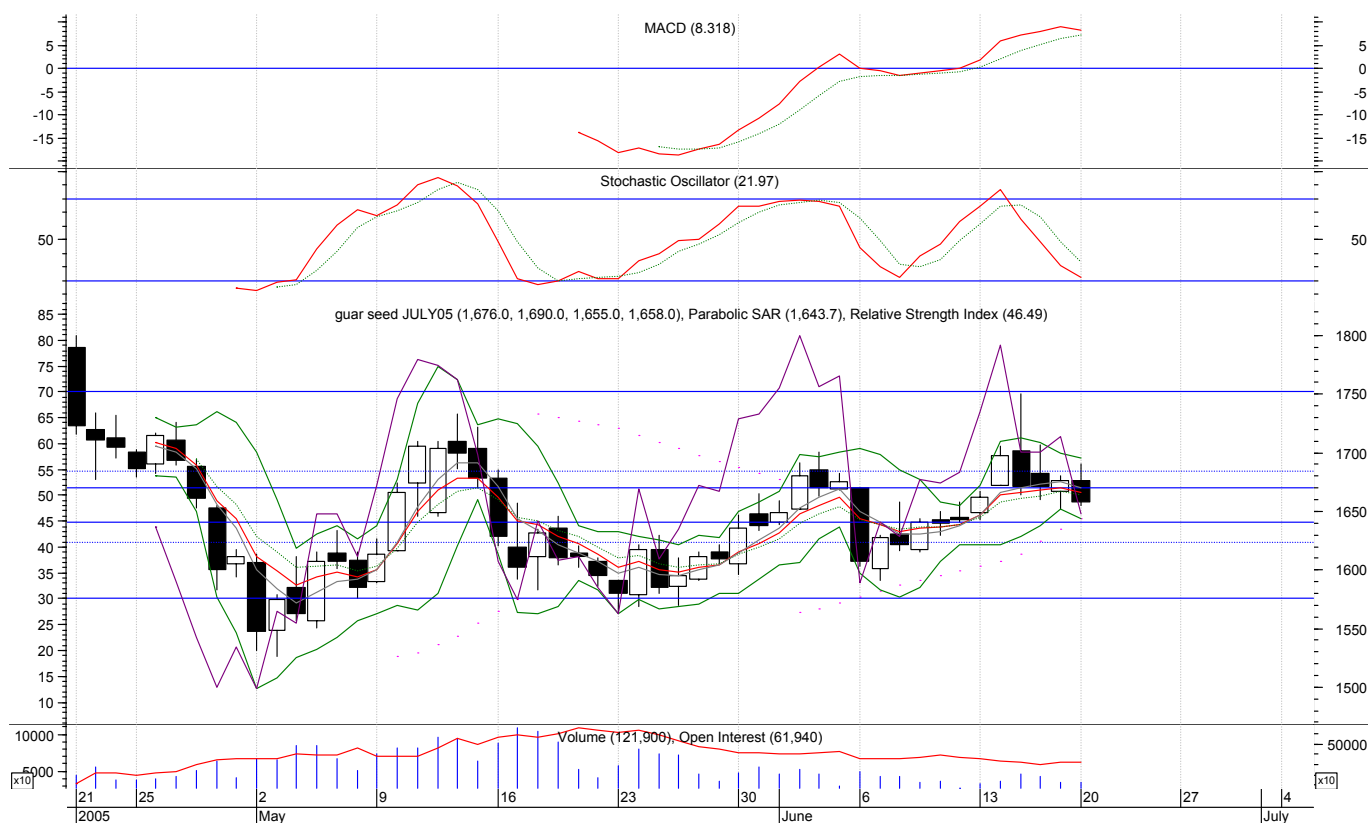
July contract of guar seed witnessed traded range bound and finished lower at the end. June and August contracts also followed the same. Guar seed is expected to open weaker and trade range bound tomorrow.

Market outlook:

- Prices are expected to open weaker/steady and trade range bound slightly upward on Monday. (The trade depends totally on monsoon news so keep in touch with market continuously and track the monsoon news. If monsoon strengthens in south India, and Goa and Bombay witness good rains on Sunday or Monday morning, prices may fall down steeply).
- Trade with very short-term outlook.

Support and Resistance level for Guar Seed :

Contract	Support		Resistance	
	1st	2nd	1st	2nd
June	1623	1608	1641	1651
July	1641	1623	1671	1685
August	1662	1642	1690	1701



Commodity: Guar Gum
Perspective: Very Short Term
NCDEX June Contract

Candlestick:

Formation of Candlestick pattern is indicating towards a weaker opening and range bound upward trade on Monday.

Stochastic:

The stochastic is moving downward, %K line is lying below the %D line and about to touch the oversold line, hinting towards weaker market prices next day but technical correction may take place soon.

MACD:

The MACD (5-day) has changed its curvature towards downward side expecting slight lower moves next day.

Alignment pattern:

The alignment pattern of moving averages is not giving any clear-cut signal for Monday's price movements.

Guar gum July contract traded range bound and ended lower than previous close. June and August contracts also traded similarly. Guar gum is expected to open steady and trade range bound on Monday.

Market outlook:

- Prices are expected to open weaker/steady and trade range bound slightly upward on Monday. (Keep on tracking the monsoon news and take the steps accordingly. If monsoon strengthens in south India, and Goa and Bombay witness good rains on Sunday or Monday morning, prices may fall down steeply).
- Trade with very short-term outlook.



Support and Resistance level for Guar Gum:

Contract	Support		Resistance	
	1st	2nd	1st	2nd
June	4364	4319	4421	4458
July	4445	4409	4513	4543
August	4532	4490	4595	4625

EXCHANGE RATE:

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.59
European Union	Euro	52.75
United Kingdom	GBP	79.36
Japan	100 Yen	39.99

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