

## GUAR SEED and GUAR GUM

June 13-18, 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Guar seed and gum traded up
- Guar vayda traded range bound and settled up

### MARKET COMMENTARY OF MAJOR MARKETS

Monsoon,... monsoon... and monsoon...! This is the single word which is blowing in everyone's mind, everyone's eyes and beneath everyone's lips. Though monsoon has hit Kerala coast on June 5<sup>th</sup>, it was not progressing further from the Goa coast since June 8<sup>th</sup>. IMD is still giving statements that, though monsoon is late, rains will be 98% (+/- 5%) to the normal rains. On the other hand, Bangalore based, CSIR institute is having the view that rains are deficit by 34% in June month and by 12% in July month. According to IMD report released for first two weeks of the month, rains were below normal in 31 meteorological sub-division out of total 36, where as 2 meteorological sub-division witnessed normal and 3 were having excess rainfall.

Now as monsoon has started advancing, market people are observing these figures, various forecasts from government organisations and also watching the view of local astrologers who are telling that rains will be below normal, particularly for Rajasthan. Combining all these, market sentiments are emerging out to be bullish for long term.

Guar seed at NCDEX traded behind the monsoon progress and witnessed ups and downs during this week. Guar seed in physical markets followed the futures and in Jodhpur market, guar seed's price ranged from Rs.1710 to Rs.1650 per quintal during the week. In other markets also it traded on the same way.

Everyone is waiting for monsoon now days. After remaining stationary over Goa for around 10 days, the western part of the monsoon system has started moving northwards and is expected to reach Mumbai within two days. If Mumbai and Goa witness good rainfall on Sunday or Monday, guar seed may witness a steep fall in prices before the expiry of June contract, i.e. on Monday but after that it may go up during next week.

### Week at a glance

Guar seed and gum ended slightly higher than last weekend's close.

Various contradicting news and rumours regarding monsoon and amount of rainfall are flooding in the markets.

Clear to partly cloudy weather in major guar growing areas.

Weather report: 31 out of total 36 meteorological sub-divisions witnessed below normal rains during first two weeks of June month.

Monsoon has advanced further after it remained stationary over Goa for around 10 days.

Weather forecasts influenced the future as well as spot prices.

### Spot Market prices and arrivals of Guar in main markets of Rajasthan

(Prices in Rs/qt and Arrivals in Quintals)

Date	Bikaner	Jodhpur		Nokha
		B line	M line	
11.06.05	1560	1660	1635	1470
18.06.05	1580	1670	1640	1520(300)
Change	+20	+10	+15	+50

Figures in parentheses are market arrivals.

### Market Commentary on Guar Gum and By-products

Guar gum futures at NCDEX started the week with upward movements on last Monday, traded range bound and finished the week at slightly higher ground. Physical markets also followed the futures and traded on the same path. Slight stockist's activities were also witnessed in spot markets on few occasions. Guar gum was sold at Rs.4350-4375 in Jodhpur market during weekend.

By-products of guar gum processing i.e., Guar Churi and Guar Korma are not witnessing much demand now days. Guar Churi was available at Rs.425-50 per 75 kg and Korma was quoted at Rs.510 per 75 kg during the week.

### 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 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 over Gangetic 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, Lakshadweep]

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

Fairly widespread rainfall is likely over Andaman & Nicobar Islands, and Lakshadweep. Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka and Coastal A.P. during next 24 hours. Rainfall activity over Lakshadweep, 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 Marathwada are likely to receive isolated to scattered rainfall activity. There may be increase in rainfall activity over Konkan & Goa after 18th June.

#### Price movement of Guar seed and Gum at NCDEX *Vayda*

Prices of guar in Rs/qt

Dates	Bikaner	Jodhpur	Guar Gum
11.06.05	1567.4	1575.25	4344.35
13.06.05	1565.1	1569.05	4331.3
14.06.05	1602.85	1594.6	4419.3
15.06.05	1650.6	1631.05	4571.45
16.06.05	1619.25	1590.15	4487.9
17.06.05	1595	1587.1	4432.15
18.06.05	1592.75	1582.15	4422.9
<b>Change (Rs)</b>	<b>+25.35</b>	<b>+6.9</b>	<b>+78.55</b>

#### Guar Seed futures prices at NCDEX

Dates	June Futures		July Futures		Aug Futures	
	Open	Close	Open	Close	Open	Close
11.06.05	1633	1629	1645	1643	1658	1659
13.06.05	1633	1641	1649	1662	1657	1681
14.06.05	1650	1668	1672	1698	1685	1726
15.06.05	1679	1647	1702	1671	1729	1689
16.06.05	1664	1645	1682	1671	1695	1690
17.06.05	1639	1648	1667	1676	1690	1697
18.06.05	1650	1634	1679	1659	1698	1679

### Guar Gum futures prices at NCDEX

Dates	June Futures		July Futures		Aug Futures	
	Open	Close	Open	Close	Open	Close
11.06.05	4365	4351	4440	4430	4510	4501
13.06.05	4365	4399	4440	4480	4515	4566
14.06.05	4415	4519	4499	4603	4580	4689
15.06.05	4550	4438	4630	4503	4700	4574
16.06.05	4525	4443	4540	4513	4615	4592
17.06.05	4427	4444	4511	4523	4614	4610
18.06.05	4457	4393	4540	4484	4625	4565

### Some Facts about Guar Trade

#### Export of Guar Meal to different countries from India

	Country	Values (Rs. Lakhs)		Quantity ('000 Kgs)	
		2003-2004	2004-05 (Apr-Sep)	2003-2004	2004-05 (Apr-Sep)
1	U S A	261.31	140.06	576.38	318.05
2	China P Rp	239.2	74.59	633	157
3	Turkey	45.39	71.84	100	156
4	Italy	44.48	70.79	97.2	112
5	Indonesia	71.7	63.13	163	155.2
6	Chinese Taipei	35.68	40.94	73	80
7	Argentina	76.45	27.52	238	60
8	South Africa	24.81	19.35	90	66
9	France	29.77	18.59	65	40
10	Egypt A Rp	16.42	18.05	40	45
11	Russia	56.9	15.14	152	40
12	Thailand		15.13		40
13	Poland	25.96	12.79	80	40
14	Iran	6.64	12.09	20	20
15	Japan	66.6	11.75	178.8	20
16	U K	0.56	11.17	1.5	24
17	Korea Dp Rp		9.75		30
18	Brazil	45.78	9.41	127	20
19	Hungary	7.03	9.41	19	30
20	Greece	7.02	8.59	20	20
	Total	1,868.64	712.6	4691.37	1613.75

Source: DGFT

#### Export of Guar Gum Refined Split to different countries from India

	Country	Values (Rs. Lakhs)		Quantity ('000 Kgs)	
		2003-2004	2004-05 (Apr-Sep)	2003-2004	2004-05 (Apr-Sep)
1	U S A	7,137.03	5,569.35	17,332.04	14,063.44
2	German F Rep	865.12	534.17	2,103.89	1,508.45
3	U K	216.34	439.76	526.84	741.32
4	Switzerland	773.93	408.94	2,109.86	1,096.30
5	South africa	263.87	388.11	806.82	998.99
6	Japan	319.13	346.73	753.98	879.63
7	Hong Kong	155.04	340.94	324.89	882.19
8	China P Rp	1,892.09	323.2	5,294.75	944.5
9	Canada	226.6	163.27	491.84	472.46
10	Spain	235.05	156.58	625	498.84
11	Denmark	86.79	146.74	220.19	398.56
12	Indonesia	78.43	120.27	178.3	301.35
13	Italy	748.46	117.9	1,635.73	303.69
14	Brazil	151.76	94.72	415	252.12
15	Netherland	412.66	86.74	829.8	180.28
16	Turkey	16.37	59.43	34	129.15
17	Pakistan	31.16	57.32	80	198
18	Korea Rp	79.61	48.66	172.05	101.28
19	Belgium	82.51	46.26	278	104
20	Australia	149.54	39.15	408.5	108
	Total	15,317.01	9,874.74	38072.29	25233.78

Source: DGFT

#### Export of Guar Gum treated and pulverised to different countries from India

	Country	Values (Rs. Lakhs)		Quantity ('000 Kgs)	
		2003-2004	2004-05 (Apr-Sep)	2003-2004	2004-05 (Apr-Sep)
1	U S A	12,158.99	5,762.00	26,775.90	10,681.28
2	German F Rep	5,211.64	3,321.75	12,980.04	5,052.39
3	China P Rp	1,060.03	743.67	2,651.52	1,722.74
4	Canada	698.71	283.6	1,605.30	578
5	France	1,892.70	283.51	3,612.45	404.46
6	U K	1,276.71	245.28	2,387.53	503.53
7	Japan	442.13	240.98	1,062.74	565.53
8	Italy	1,065.56	234.07	2,403.84	540.47
9	Switzerland	573.09	229.88	1,383.74	554.2
10	Hong Kong	936.6	194.42	2,270.95	551.74
11	South Africa	1,075.63	166.33	3,033.33	406.91
12	Mexico	262.96	161.59	584	285

13	Netherland	524.9	129.13	1,224.49	360
14	Australia	425.81	127.11	932.8	325.71
15	Chinese Taipei	139.34	119.7	272.27	234.1
16	Brazil	308.96	119.49	691.3	283.2
17	Saudi Arab	98.39	115.46	194.42	230
18	Spain	401.67	112.73	993.28	257
19	Denmark	535.6	109.35	1,136.89	291.59
20	Malaysia	76.29	108.13	317	223.2
	Total	33,603.90	13,859.35	77797.6	26396.9

Source: DGFT

### Technical Analysis

#### Commodity: Guar Seed

#### Perspective: Very Short Term

#### NCDEX July Contract

#### Candlestick:

Formation of Candlestick pattern is indicating towards weaker/steady opening and range bound trade on next trading day.

#### Stochastic:

The stochastic is moving downward. %K line is about to touch oversold line, hinting that prices may remain weak



#### Commodity: Guar Gum

#### Perspective: Very Short Term

#### NCDEX July Contract

#### Candlestick:

Formation of Candlestick pattern is indicating towards a weaker opening and lower trade initially and range bound upward trade thereafter.

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 are tending to move slightly down.

#### Alignment pattern:

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

July contract of guar seed traded range bound and finished slightly higher than previous weekend's close. June and August contracts also followed the same. Guar seed is expected to open weaker and trade range bound downward initially and higher thereafter.

#### Market outlook:

Prices are expected to open weaker/steady and trade lower initially and range bound slightly upward thereafter. Also, as technical correction is awaited, prices should start moving up from Tuesday or Wednesday. (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, prices may fall down steeply amid sentiments of monsoon and expiry of June vayda).

#### 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 very 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 confirming any direction of price movement.

Guar gum July contract traded range bound and ended slightly higher than last weekend's close. June and August contracts also traded similarly. Guar gum is expected to open weaker and trade initially downward but range bound upward later on.

### Market outlook:

Prices are expected to open weaker/steady and trade slightly downward initially but expected to take technical correction and trade range bound upward from 2nd or 3rd day of next week. (Keep on tracking the monsoon news and take the steps accordingly. If monsoon strengthens in south India, prices may fall down steeply amid sentiments of monsoon and expiry of June vayda).



### 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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