

GUAR SEED and GUAR GUM

June 20-25, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Guar seed and gum traded weaker
- Guar vayda traded range bound downward

MARKET COMMENTARY OF MAJOR MARKETS

The monsoon has advanced in neighbouring states of Rajasthan. Isolated rains were witnessed in some parts of Rajasthan also. Every time the rain is pouring in areas nearby to Rajasthan state or in the state itself, prices of guar are slipping drastically. On Wednesday night Jodhpur witnessed slight rains, and prices fell steeply next day. On Thursday, Alwar, Khairthal etc witnessed pre-monsoon rains and Guar witnessed downfall, on Saturday too guar slipped amid rains in Kutch region and other surrounding areas of Rajasthan. In all, guar seed futures at NCDEX tried to move slightly upward initially on Tuesday but fell drastically during later half of the week. Following futures, physical markets of guar also moved downward and settled lower. Slight buying activities were also observed in markets but this could not resist the downfall in prices.

Guar seed at NCDEX traded on the rain and prices came down like rain drops coming towards ground. Bikaner line 98% whitish guar was priced at Rs.1600 per quintal in Jodhpur market at this weekend. In other markets like Bikaner, Nokha etc. it traded on the same way and witnessed downward move in prices.

Western parts of Rajasthan, Delhi, Haryana and Punjab are still waiting for monsoon and witnessing high temperature now days. But these states are expected to witness rains in next week and if rainfall occurs in these states, prices are bound to go down further and if few regions of Rajasthan witness rains, prices will fall steeply. On the other hand, if monsoon progress stops even for one-two days, prices will climb like anything. So, it is advisable to keep a constant vigil on monsoon news and rains and take the steps accordingly

Week at a glance

Guar seed and gum ended much lower than last weekend's close.

Monsoon has started progressing fairly good and also expected to continue its progress.

Good rains in Goa, Mumbai, Gujrat and M.P and slight isolated rains in Rajasthan this week pushed the prices steeply downward.

Rains were witnessed in southern parts of Rajasthan, Madhya Pradesh, Gujarat etc during the week which pushed the sentiments downward.

Weather report: 28 out of total 36 meteorological sub-divisions witnessed below normal rains during the monsoon period from 1st June to 22nd June.

The rainfall is 31% lesser than normal for the week 16-22nd June this year, where as total cumulative rainfall is around 49% below normal for the country as a whole for the duration of 1st June to 22nd June.

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	
18.06.05	1580	1670	1640	1520(300)
25.06.06	1500	1590-1600	1575	1400
Change	-80	-70	-65	-120

Figures in parentheses are market arrivals.

Market Commentary on Guar Gum and By-products

Guar gum futures at NCDEX started the week with sliding steps on past Monday, traded range bound and finished the week at much lower ground. The whole movement was just after the monsoon/rains in some parts of Rajasthan, like Alwar, Jaipur etc and surrounding states of Rajasthan. Physical markets also followed the futures and traded on the same path. Slight stockist's activities were also witnessed in spot markets at these low prices. Guar gum was available at Rs.4225 per quintal in Jodhpur market during weekend.

By-products of guar gum processing i.e., Guar Churi and Guar Korma are witnessing poor demand now days. Guar Churi was available at Rs.380-90per 75 kg and Korma was quoted at Rs.440-50 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 24, 2005- for next 5 days)

Monsoon Today:

The Southwest Monsoon has advanced as a weak current over the remaining parts of Maharashtra, Karnataka, Andhra Pradesh, Orissa, Bihar and Jharkhand, entire Chhatisgarh, some more parts of east Uttar Pradesh, Saurashtra & Kutch, Gujarat regions and Southern parts of Madhya Pradesh. Northern limit of monsoon passes through Naliya, Ahmedabad, Bhopal, Jabalpur, Varanasi, Bagraich etc.

Monsoon Outlook :

Conditions are becoming favourable for formation of a low pressure area over North-west Bay of Bengal and adjoining area around 27th June 2005.

Conditions are favourable for further advancement of monsoon over parts of west Uttar Pradesh, Uttranchal, some more parts of West Madhya Pradesh, Gujarat region, Saurashtra and Kutch, and parts of South-east Rajasthan during next 4 days.

With the strengthening monsoon circulation, favourable condition may build up for further advancement of monsoon over parts of Himachal Pradesh and Haryana (including Delhi) after 28th June.

North & North-West India [J&K, HP, Uttranchal, Punjab, Haryana, West UP]

Scattered rainfall is likely over West UP and Uttranchal and Isolated over rest parts of the region during next 4 days.

East and NE India [East Up, Bihar, Jharkhand, West Bengal, Orissa, NE States]

Northeastern States and West Bengal are likely to receive fairly widespread to widespread rains/ thundershowers with isolated heavy to very heavy rains during next 5 days.

Rainfall activity over Orissa, Bihar and Jharkhand may enhance during next 5 days.

East U.P. is likely to witness fairly widespread rainfall during next 3 days.

Central India [MP, Chattisgarh, Vidarbha]

Vidarbha and Chattisgarh are likely to receive scattered rainfall during next 3 days.

South India [Tamilnadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadweep]

Fairly widespread rainfall is likely over Andaman & Nicobar Islands, Coastal Karnataka and Coastal A.P, Scattered in Lakshadweep, Kerala, South Interior Karnataka, and Isolated over north-interior Karnataka, Tamilnadu, Telangana and Rayalseema during next 3 days.

West India [Maharashtra other than Vidarbha, Gujarat, Rajasthan]

Widespread rainfall with isolated heavy to very heavy rainfall is likely over Konkan & Goa, Scattered to fairly wide spread over Madhya Maharashtra, Marathwada, South Gujarat region, south Saurashtra & Kutch during next 3-4 days.

Rajasthan is likely to experience mainly dry weather along with heat wave conditions during next 3-4 days.

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

Prices of guar in Rs/qt

Dates	Bikaner	Jodhpur	Guar Gum
18.06.05	1592.75	1582.15	4422.9
20.06.05	1539.75	1545.15	4261.8
21.06.05	1551	1545.1	4281.95
22.06.05	1544.7	1550.95	4287.5
23.06.05	1569.25	1559.5	4334.3
24.06.05	1536.2	1531	4258.35
25.06.05	1505	1521.8	4217.2
Change (Rs)	-87.75	-60.35	-205.7

Guar Seed futures prices at NCDEX

Dates	July Futures		Aug. Futures		Sep. Futures	
	Open	Close	Open	Close	Open	Close
18.06.05	1679	1659	1698	1679		
20.06.05	1652	1621	1675	1638		
21.06.05	1616	1637	1634	1659	1646	1679
22.06.05	1633	1627	1655	1649	1675	1672
23.06.05	1629	1609	1655	1630	1677	1651
24.06.05	1608	1594	1626	1614	1646	1633
25.06.05	1602	1562	1619	1580	1638	1601

Guar Gum futures prices at NCDEX

Dates	July Futures		Aug. Futures		Sep. Futures	
	Open	Close	Open	Close	Open	Close
18.06.05	4540	4484	4625	4565		
20.06.05	4471	4384	4550	4469		
21.06.05	4376	4425	4470	4513	4500	4588
22.06.05	4390	4405	4501	4487	4565	4573
23.06.05	4420	4354	4505	4438	4590	4521
24.06.05	4350	4328	4425	4412	4501	4492
25.06.05	4340	4275	4419	4358	4501	4438

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-Dec)	2003-2004	2004-05 (Apr-Dec)
1	U S A	261.31	409.33	576.38	878.05
2	CHINA P RP	239.2	129.01	633	277.3
3	GERMANY	171.92	17.69	458.96	40
4	CANADA	116.63	36.77	200.9	59
5	MEXICO	89.45		210	
6	ARGENTINA	76.45	38.16	238	80
7	INDONESIA	71.7	136.31	163	330.2
8	JAPAN	66.6	22.5	178.8	40
9	HONG KONG	64.64	7.08	177.5	0.02
10	RUSSIA	56.9	27.45	152	60
11	BRAZIL	45.78	9.41	127	20
12	TURKEY	45.39	84.61	100	181
13	ITALY	44.48	108.58	97.2	172
14	ZIMBABWE	41.4		120	
15	TAIWAN	35.68	66.42	73	121.5
16	NTH'LAND	33.72	1.11	60	3
17	KOREA RP	31.98	5.97	66.4	8.5
18	SWZ'LAND	30.31	6.72	80	20
19	PAKISTAN IR	29.82		100	
20	FRANCE	29.77	39.52	65	80
	Total	1,868.64	1467.97		

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-Dec)	2003-2004	2004-05 (Apr-Dec)
1	U S A	7,137.03	8,492.79	17,332.04	19,504.78
2	CHINA P RP	1,892.09	1,495.33	5,294.75	3,427.50
3	GERMANY	865.12	644.05	2,103.89	1,735.99
4	SWZ'LAND	773.93	644.95	2,109.86	1,572.30
5	ITALY	748.46	238.91	1,635.73	507.41
6	NTH'LAND	412.66	177.53	829.8	299.3
7	JAPAN	319.13	463.59	753.98	1,084.89
8	SOUTH AFRICA	263.87	608.3	806.82	1,405.47
9	SPAIN	235.05	339.25	625	699.04
10	CANADA	226.6	179.37	491.84	512.46
11	U K	216.34	512.15	526.84	879.32
12	GEORGIA	158.57		458.6	
13	HONG KONG	155.04	340.94	324.89	882.19
14	BRAZIL	151.76	132.59	415	312.38
15	AUSTRALIA	149.54	39.15	408.5	108
16	FRANCE	144.54	78.47	345.75	157.27
17	MEXICO	97.66	50.34	200	98.03
18	TAIWAN	89.31	16.86	266	60
19	DENMARK	86.79	146.74	220.19	398.56
20	POLAND	85.55	10.65	200.02	20
	Total	15,317.01	15771.52		

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-Dec)	2003-2004	2004-05 (Apr-Dec)
1	U S A	12,158.99	10,111.91	26,775.90	17,187.54
2	GERMANY	5,211.64	6,926.32	12,980.04	9,593.67
3	FRANCE	1,892.70	583.66	3,612.45	694.77
4	U K	1,276.71	594.05	2,387.53	1,163.15
5	SOUTH AFRICA	1,075.63	636.99	3,033.33	874.72
6	ITALY	1,065.56	721.31	2,403.84	1,201.57
7	CHINA P RP	1,060.03	1,916.67	2,651.52	4,128.79
8	HONG KONG	936.6	251.78	2,270.95	652.09
9	CANADA	698.71	565.73	1,605.30	1,222.20
10	SWZ'LAND	573.09	280.17	1,383.74	630.2

11	DENMARK	535.6	326.96	1,136.89	688.6
12	VIETNAM SOC REP	525.76	74.89	2,181.01	98.54
13	NTH'LAND	524.9	444.09	1,224.49	886.1
14	JAPAN	442.13	489.58	1,062.74	983.53
15	AUSTRALIA	425.81	369.32	932.8	660.37
16	SPAIN	401.67	324.6	993.28	581.08
17	INDONESIA	358.74	205.64	804.86	351.12
18	KOREA RP	319.23	305.7	630.68	445.19
19	BELGIUM	312.82	442.82	687	794.65
20	BRAZIL	308.96	305.65	691.3	527.28
Total		33,603.90	28632.36		

Source: DGFT

Technical Analysis

Commodity: Guar Seed

Perspective: Very Short Term
NCDEX July Contract

Candlestick:

Formation of Candlestick pattern is indicating towards weaker opening and range bound trade during starting of next week.

Stochastic:

The stochastic is moving in oversold region. %K line has crossed %D line from above, and expecting the trade towards lower side during first session of trade on Monday but technical correction is still awaited.

MACD:

The MACD (5-day) is moving steeply downward below zero line and lying below its EMA, indicating that prices may further go downward.

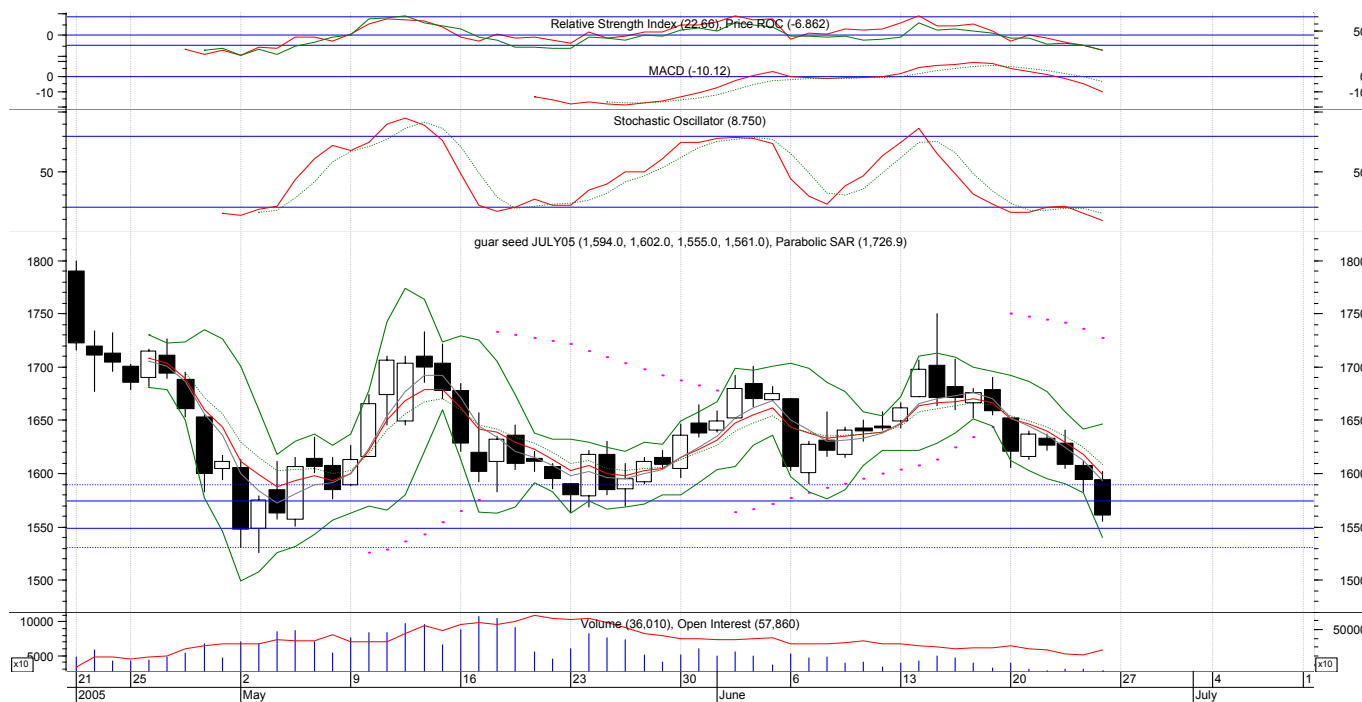
Alignment pattern:

The alignment pattern of moving averages is clearly hinting for further weakening of prices.

Guar seed futures traded downward throughout the week and settled much lower than previous weekend's close. It is expected to open weaker and trade range bound downward during next week with total dependence on monsoon/rains.

Market outlook:

- Prices are expected to open weaker/steady and trade range bound downward during next week. If parts of Rajasthan and surrounding areas witness proper rains, prices will fall drastically but as technical correction is also awaited, if progress of monsoon stops even for 1-2 days, prices will shoot up. (Keep an eye on Monsoon news and Rains).



Commodity: Guar Gum

Perspective: Very Short Term
NCDEX July Contract

Candlestick:

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

Stochastic:

The stochastic is moving downward, both %K line and %D have reached in oversold region once again, and %K line

is lying below %D line, expecting trade towards weaker side next day.

MACD:

The MACD (5-day) is moving downward and lying below its EMA, indicating that prices may slip further.

Alignment pattern:

The alignment pattern of moving averages is confirming the downward moves in prices.

Guar gum July contract traded range bound downward almost for the whole week and rested at lower ground. August and September contracts also followed the same. Guar gum is expected to open steady and trade in range bound downward next week.

correction towards higher side is also possible but, only in the case when monsoon progress stops for 1-2 days, Rains in Rajasthan or surrounding areas like Delhi, Haryana or Northern Gujarat may put negative impact on prices. (Keep on tracking the monsoon news and take the steps accordingly).

Market outlook:

- Prices are expected to open weaker/steady and trade range bound downward amid rains (progress of monsoon) during next week. Technical



EXCHANGE RATE:

Country/Continent	Currency	Value in Rupees
USA	Dollar	43.57
European Union	Euro	52.70
United Kingdom	GBP	79.47
Japan	100 Yen	39.97

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