

## GUAR SEED and GUAR GUM

June 14, 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Guar seed and gum traded up
- Guar vayda made high jump

### MARKET COMMENTARY OF MAJOR MARKETS

Guar seed futures at NCDEX opened firm and started climbing upward and rested at much higher ground at the end of the trade today. All contracts witnessed steep upward moves with slight range bound movements in between. Guar seed physical markets couldn't remain untouched with this and prices moved up there also. Bikaner line 98% whitish guar seed was sold at Rs.1700 per quintal today evening in Jodhpur market. Nagaur-Merta line was quoted at around Rs. 1670 per quintal in the same market.

It was partially cloudy weather in Bikaner, which already has witnessed rainfall last day. In Bikaner physical market, guar seed was sold at Rs.1630 per quintal where as in Nokha market, it was sold at Rs.1525 per quintal.

Other markets of guar seed also improved sharply but physical transactions were poor everywhere.

Guar gum futures at NCDEX jumped sharply on higher ground today and finished higher. Guar gum physical markets also traded upward following the rising prices in futures. Today, guar gum was sold at Rs.4475 per quintal in Jodhpur market. Other markets also witnessed the price range of Rs.4400-4475 per quintal during whole day.

Guar seed markets witnessed strong gains today but still market is not facing any demand from millers and exporters. Mostly stockist's activities are being witnessed in markets. Market is moving only on monsoon news and nothing else. According to latest forecast from IMD, monsoon may remain weak for 2-3 days more and this has given the time to speculators to play their game. All have become bullish. But guar prices has crossed the danger line and now it is moving in overbought region. It is getting the support from weaker monsoon but whenever news comes that monsoon has started progressing normally, prices will collapse within minutes.

### Salient points of the day

- Steep upward moves in guar seed as well as guar gum futures today.
- South-west Monsoon is in weak phase and may continue to be in weak phase for another 2-3 days (IMD forecast).

- Clear to slight cloudy weather in most of the places in major guar growing areas like, Bikaner, Jodhpur, Ganganagar, Nokha etc.
- Weather news/rumors in the markets: weaker monsoon this year.
- Weaker physical transactions in markets.

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

Commodity	Centres	13.06.05	14.06.05	Change
Guar seed:	Bikaner	1580-90	1630	+40
	Jodhpur-B line	1675	1700	+25
	Jodhpur-M line	1630-40	1670	+30
	Nokha	1485	1525	+40
	Alwar	1425	1450	+25
	Khairthal	1400	1425	+25
	Ganganagar	1570	1625	+25
Guar Gum:		4375	4475	+100

### Bikaner Guar Vayda

#### Guar Prices at Bikaner Vayda

Contract	Prev. Close	Open	Close	Change
July	320.7	323.8	327.2	+6.5

#### Price movements at Bikaner Vayda

Bikaner guar seed vayda opened firm and traded upward with range bound moves for whole day and finished up. July vayda opened at 323.8, traded in the range of 323.3-328.1 and closed at 327.2, i.e., up by Rs.32.5 per quintal.

### WEATHER WATCH

#### Forecast for next 24 hours

Isolated rain/thundershowers likely over Jammu & Kashmir and Himachal Pradesh. Isolated duststorm/thunderstorm likely over Punjab and Haryana including Delhi. Mainly dry weather in the rest region.

Rain/thundershowers with isolated squall likely at many places in the northeastern states and West Bengal & Sikkim and at isolated places over Orissa, Bihar and Chhattisgarh. Mainly dry weather is likely in the rest region.

Rain/thundershowers likely at many places over Andaman & Nicobar Islands, Kerala; Lakshadweep, Karnataka and at a few places over interior Andhra Pradesh. Isolated in the rest region.

Rain/thundershowers likely at a few places over Konkan & Goa and isolated in interior Maharashtra. Isolated duststorm/thunderstorm likely over Rajasthan and west Madhya Pradesh. Mainly dry weather in the rest region. Warning

Isolated heavy rainfall likely over Andaman & Nicobar Islands.

### (Forecast for the period June 13-19, 2005)

#### A. Weather Systems:

##### Southwest Monsoon

South-west Monsoon is in weak phase and may continue to be in weak phase for another 2-3 days. The rainfall activity over South peninsular India may revive by 16th June, 2005. The NE States is likely to witness increased rainfall activity during next 2 days).

##### Western Disturbance

At present, a weak western disturbance lies over J&K and adjoining area. Under its influence, isolated rainfall/thundershowers are expected over hilly regions of NW India today. Isolated duststorm/ thunderstorm is also likely over some parts of plains of NW India during next 48 Hrs.

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

Prevailing heat wave condition over Orissa, Bihar, Jharkhand, East Uttar Pradesh, Chattisgarh, Madhya Pradesh and Vidarbha may continue for another 2 days and thereafter the situation may improve.

#### B. Rainfall:

**Fairly widespread to widespread rainfall** are likely over NE States and Sub-Himalayan West Bengal during next 4-5 days.

**Fairly widespread rainfall** is likely over Andaman & Nicobar Islands and Lakshadweep. Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka, Coastal A.P. during next 2 days. Rainfall activity may enhance over Lakshadweep, Kerala and Coastal Karnataka from 16th June onwards.

**Isolated rainfall/thundershowers** are expected over Konkan & Goa, Madhya Maharashtra, Marathwada Gangetic West Bengal, Orissa, Jharkhand,

Bihar, Tamilnadu, Jammu & Kashmir and Himachal Pradesh during next 3 days.

### TECHNICAL ANALYSIS

**Commodity:** Guar Seed

**Perspective:** Very Short Term

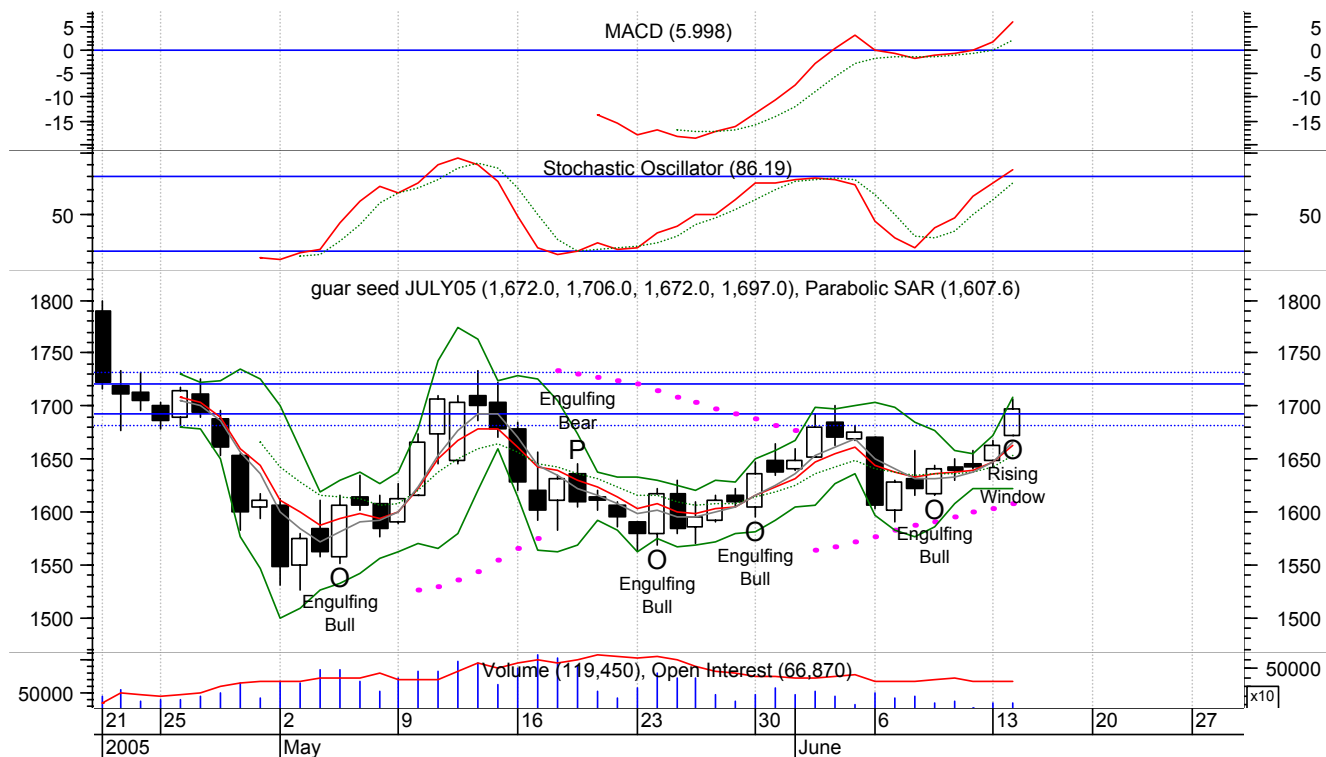
**NCDEX June Contract**

#### Candlestick:

Formation of Candlestick pattern is indicating towards firm opening and range bound trade on Wednesday.

#### Stochastic:

The stochastic is moving upward, %K line has crossed the overbought region and is lying above the %D line, hinting towards threat of technical correction very soon.



**MACD:**

The MACD (5-day) has crossed zero line, lying above its EMA and steeply moving upward, indicating that prices may still go up.

**Alignment pattern:**

The alignment pattern of moving averages is hinting towards higher prices tomorrow.

July contract of guar seed witnessed steep upward trade and ended much higher. June and August contracts followed the same. Guar seed is expected to open firm and trade range bound upward initially tomorrow.

**Market outlook:**

- Prices are expected to open steady/firm and trade range bound upward initially on Wednesday (but as it is in overbought region, there is always threat

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

Formation of Candlestick pattern is indicating towards a firm opening and range bound trade on Wednesday.

**Stochastic:**

The stochastic moving upward and %K line is lying above %D line, but %K line has crossed the overbought region and technical correction may take place any time.

**MACD:**

The MACD (5-day) is steeply moving upward and lying above its EMA, indicating that prices could go up further.

of technical correction towards lower side, keep in touch with market continuously and track the monsoon news).

- Trade with very short-term outlook.

**Support and Resistance level for Guar Seed :**

Contract	Support		Resistance	
	1st	2nd	1st	2nd
June	1666	1655	1686	1695
July	1692	1682	1721	1732
August	1713	1701	1750	1761

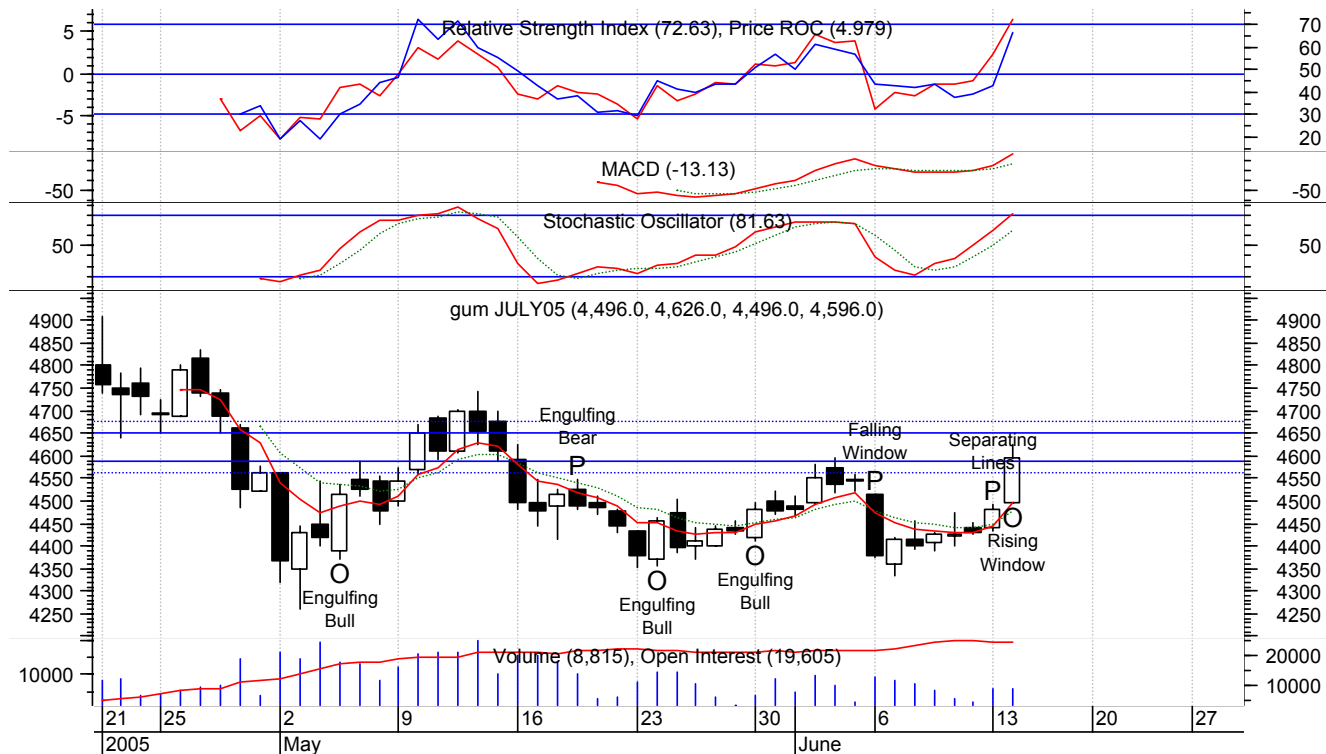
**Alignment pattern:**

The alignment pattern of moving averages is indicating towards firmness in the market prices next day.

Guar gum July contract traded steeply upward and finished much higher. June and August contracts also traded in similar way. Guar gum is expected to open firm and trade range bound upward (atleast initially) tomorrow.

**Market outlook:**

- Prices are expected to open steady/firm and trade initially towards higher side with range bound moves on Wednesday. (Keep on tracking the monsoon news and take the steps accordingly).
- Trade with very short-term outlook.



**Support and Resistance level for Guar Gum:**

Contract	Support		Resistance	
	1st	2nd	1st	2nd
June	4499	4471	4560	4601
July	4588	4550	4652	4675
August	4665	4637	4739	4766

**EXCHANGE RATE:**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.65
European Union	Euro	52.90
United Kingdom	GBP	78.79
Japan	100 Yen	39.91

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