

GUAR SEED and GUAR GUM

June 4, 2005

MAJOR ACTIVITY HIGHLIGHTS

Guar seed and gum traded up

Guar vayda traded range bound and settled up

MARKET COMMENTARY OF MAJOR MARKETS

Guar vayda started the week from upward moves and traded range bound upward throughout the week and finally settled at higher ground at the end of the week. Physical markets also followed the movements of futures and traded in similar direction. Slight buying from few of major gum exporters was witnessed in markets on Monday and Wednesday that also helped the prices to slide up. But it was the weather, which influenced the prices most this week. There was continuous inflow of various contradicting news and forecasts amongst the traders and speculators regarding onset or delay in monsoon and bulls dominated the battle during past week with the help of news of delay.

Guar seed physical markets followed the futures as usual and guar seed travelled towards higher grounds in all the markets. In Jodhpur market, Bikaner line 98% whitish guar seed witnessed the price quote of Rs.1690-1700 per quintal weekend. Bikaner and Nokha markets were also finished the week at higher grounds.

Though the prices moved up during past week but it is now expected to come down during next week as monsoon is expected to arrive within 2-3 days and prices will go down steeply just after the onset of monsoon, Also, technical correction towards lower side is awaited during next week.

Week at a glance

Latest Prediction from IMD (as on June 4, 2005) : Monsoon may hit Kerala coast within 72 hours.

Various contradicting news and forecasts amongst the traders and speculators regarding onset or delay in monsoon.

Cloudy weather, light drizzling at some places.

Influence of weather forecasts on future prices.

Range bound upward trade during whole week which ended up in futures as well as in spot markets.

Weaker physical arrivals in markets.

Weather news: rains in July- 12% below normal (CSIR Forecast)

Guari (early sowing of guar seed in some parts of Rajasthan and Haryana) is going well in major Guari cultivating areas.

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	
28.05.05	1550	1655-60	1635	1465(150)
04.06.05	1600	1690-1700	1675	1510(300)
Change	+50	+40	+40	+45

Figures in parentheses are market arrivals.

Market Commentary on Guar Gum and By-products

Guar gum futures at NCDEX traded towards higher side with slight range bound movements during the week and settled at much higher level than previous weekend's close. Slight physical buying support was witnessed in cash markets from few major guar gum exporters and with the help of this support, weather forecasts and following guar gum futures, it witnessed higher ground in physical markets

also. In Jodhpur market guar gum was available at the price of Rs.4375-4400 per quintal during weekend.

By-products of guar gum processing i.e., Guar Churi and Guar Korma did not witness much demand during past week and not much fluctuation was witnessed in prices. Churi was sold at around Rs.460 per 75 kg and Korma was quoted at Rs.520 per 75 kg during the week.

Weather watch (Forecast on June 4, 2005)

Monsoon Outlook:

****Conditions are favourable for onset of southwest monsoon over Kerala within next 72 hrs.**

Increase in rainfall activity likely over south peninsula.

Weather Systems:

Plains of NW and central India are likely to be mainly dry.

A north-south oriented trough in the lower level runs from east M.P. to interior Karnataka continues and it may further persist during next 2 days.

A northeast-southwest shear zone in mid troposphere is extending from west central Bay of Bengal to southeast Arabian Sea with one embedded cyclonic circulation over west central Bay of Bengal off Andhra coast and another over southeast & adjoining east-central Arabian Sea. The shear zone is likely to persist during next 4-5 day around its present position.

A western disturbance is expected to approach north Pakistan and adjoining Jammu & Kashmir area during 6-7 June 2005. Under its influence, the hilly region of NW India may experience isolated to scattered snowfall/rains during the said period.

Rainfall:

Isolated heavy rainfall likely over Andaman & Nicobar Islands, Lakshadweep and Kerala during next 24 hours.

Isolated duststorm/thunderstorm likely in Haryana and Uttar Pradesh. mainly dry weather in the rest region.

Rain/thundershowers with isolated hail/squall likely at a few places over NorthEastern States, West Bengal & Sikkim and coastal Orissa and isolated over the rest region out side east Madhya Pradesh where weather will be mainly dry.

Rain/thundershowers likely at many places over Andaman & Nicobar islands, Kerala and Lakshadweep; at a few places over coastal Karnataka and coastal Andhra Pradesh. it may be isolated over the rest region.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands during next 3-4 days.

Rest regions of the country are likely to be mainly dry.

Temperatures:

Day temperature over NW and Central India is likely to rise by about 2 degree C during next 2-3 days.

Heat wave conditions over parts of Bihar, Jharkhand, north coastal Orissa, Vidarbha, Chattisgarh and Sub-Himalayan West Bengal are likely to continue during next 2 days.

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

Prices of guar in Rs/qt

Dates	Bikaner	Jodhpur	Guar Gum
28.05.05	1567.15	1586.85	4321.35
30.05.05	1566	1576.3	4293.55
31.05.05	1579.3	1592.5	4360.55
01.06.05	1563.5	1585.55	4331.4
02.06.05	1600.95	1594.1	4376.1
03.06.05	1589.05	1609.25	4417.85
04.06.05	1583.55	1593.25	4386.6
Change (Rs)	+16.4	+6.4	+65.25

Guar Seed futures prices at NCDEX

Dates	June Futures		July Futures		Aug Futures	
	Open	Close	Open	Close	Open	Close
28.05.05	1607	1601	1615	1609	1625	1619
30.05.05	1595	1623	1605	1636	1615	1651
31.05.05	1635	1627	1648	1638	1662	1651
01.06.05	1627	1635	1641	1649	1653	1662
02.06.05	1640	1661	1652	1680	1667	1700
03.06.05	1668	1652	1685	1670	1700	1686
04.06.05	1652	1655	1669	1675	1690	1694

Guar Gum futures prices at NCDEX

Dates	June Futures		July Futures		Aug Futures	
	Open	Close	Open	Close	Open	Close
28.05.05	4370	4364	4441	4433	4480	4491
30.05.05	4350	4407	4418	4480	4482	4553
31.05.05	4420	4405	4498	4476	4580	4547
01.06.05	4415	4408	4488	4481	4560	4548
02.06.05	4425	4472	4495	4550	4563	4632
03.06.05	4480	4462	4575	4536	4625	4607
04.06.05	4460	4466	4544	4543	4601	4616

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

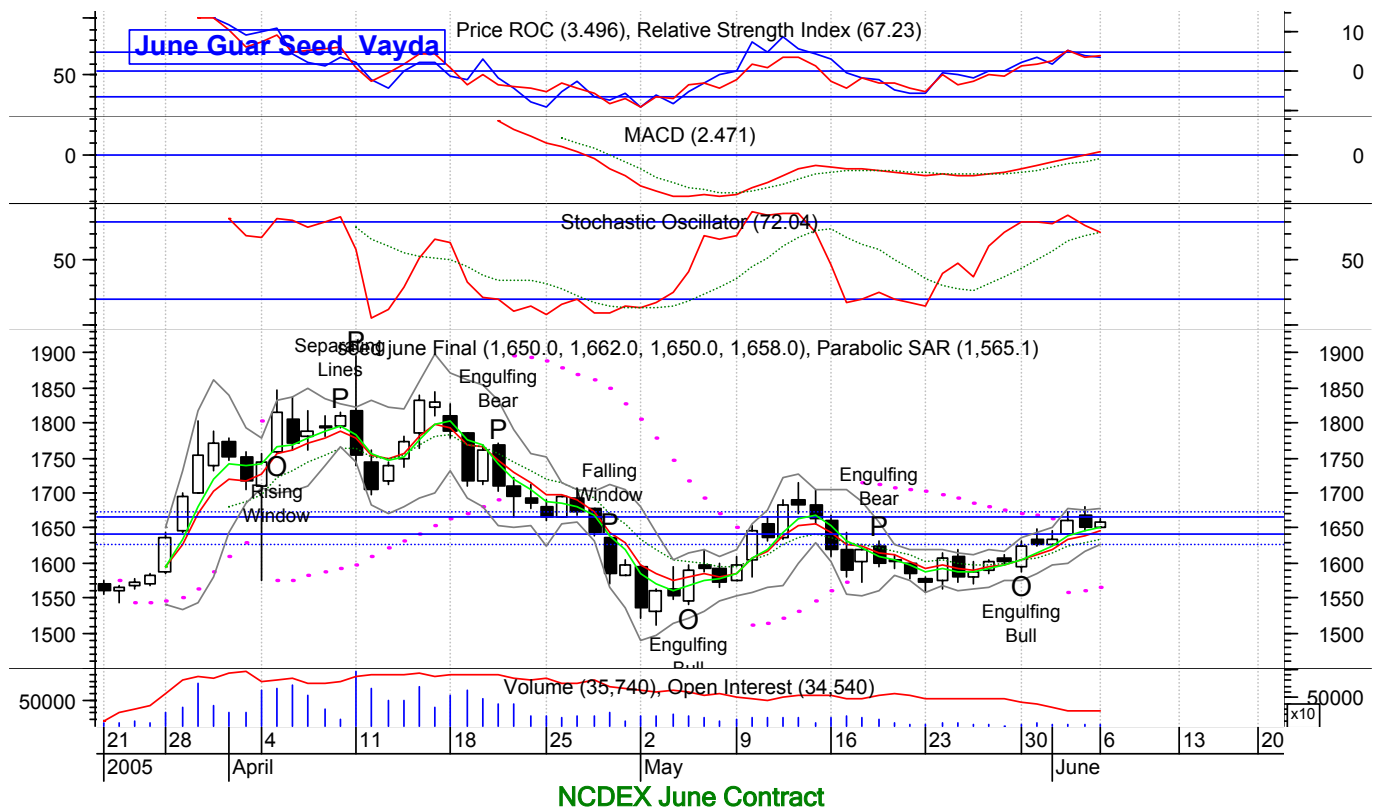
9	Switzerland	573.09	229.88	1,383.74	554.2
10	Hong Kong	936.6	194.42	2,270.95	551.74
11	South Africa	1,075.63	166.33	3,033.33	406.91
12	Mexico	262.96	161.59	584	285
13	Netherland	524.9	129.13	1,224.49	360
14	Australia	425.81	127.11	932.8	325.71
15	Chinese Taipei	139.34	119.7	272.27	234.1
16	Brazil	308.96	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



Candlestick:

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

Stochastic:

The stochastic is moving downward, %K line has come down from overbought region and about to touch %D line from above, hinting that prices may come down.

MACD:

The MACD (5-day) is moving upward above the zero line and lying above its EMA, hinting towards slight strength in the market.

Alignment pattern:

The alignment pattern of moving averages is indicating slight firmness in the market.

June contract of guar seed witnessed upward trade with slight range bound movements during the week and finally settled up. July and August contracts traded in the same way. Guar seed is expected to open weaker and trade range bound downward.

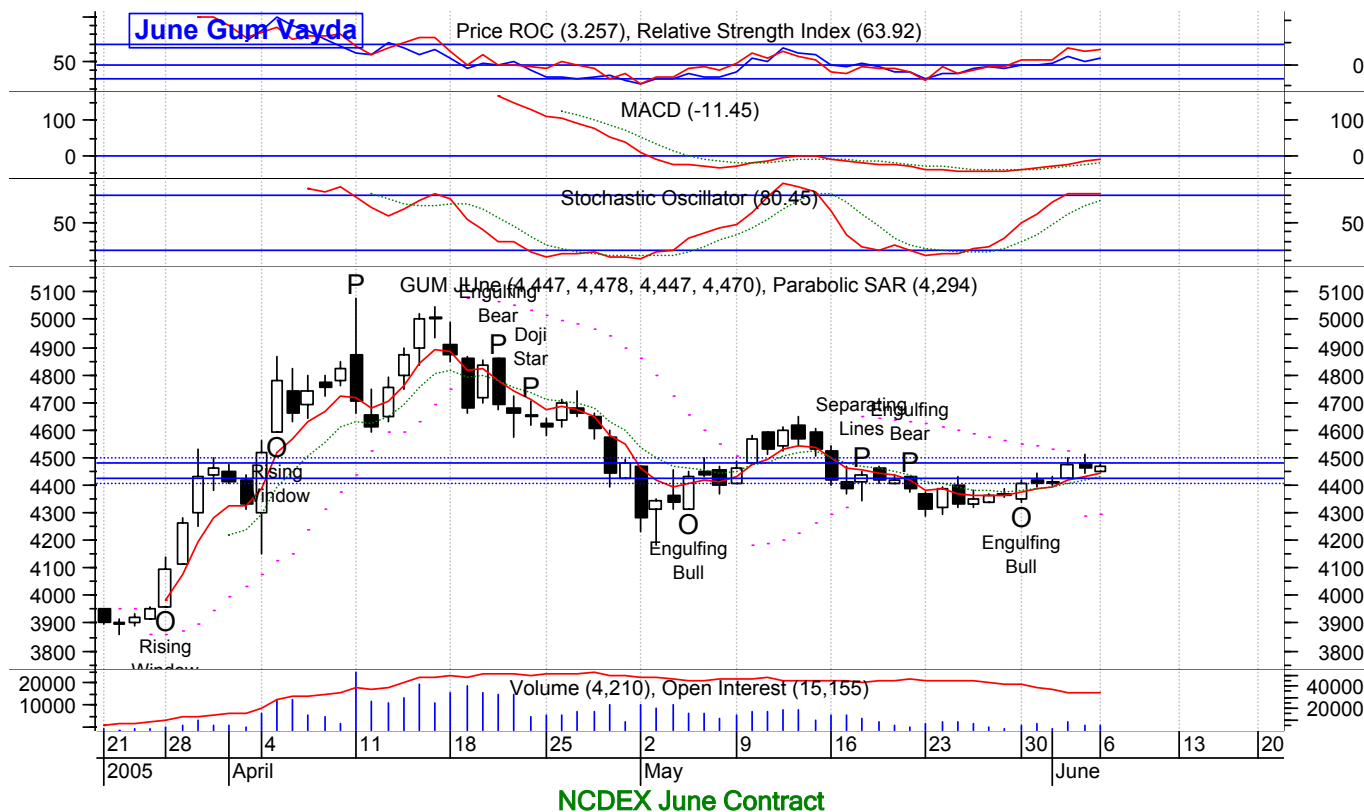
Market advice:

Amid monsoon arrival and technical correction, prices are expected to open weaker and trade range bound downward during next week. (But if any news occurs regarding delayed monsoon, prices will soar up)

Trade with very short-term outlook.

Commodity: Guar Gum

Perspective: Very Short Term

**Candlestick:**

Formation of Candlestick pattern is indicating towards steady opening and downward trade during next day.

Stochastic:

The stochastic is moving in overbought region and has flattened; %D line is still in neutral region, indicating that technical correction may take place very soon.

MACD:

The MACD (5-day) is moving upward and lying above its EMA, hinting towards marginal strength in the market next day.

Alignment pattern:

The alignment pattern of moving averages is still indicating firmness in the market prices.

Guar gum June contract witnessed range bound upward trade, which settled much higher at the end of the week. July and August contracts also followed similar path. Guar gum is expected to open steady and trade range bound downward during next week.

Market advice:

As monsoon is expected within 72 hours, prices are expected to open steady/weaker and trade towards lower side during next week. (But if any news occurs regarding delayed monsoon, prices will soar up)

Trade with very short-term outlook.

EXCHANGE RATE:

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.55
European Union	Euro	53.18
United Kingdom	GBP	79.03
Japan	100 Yen	40.35

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