

GUAR SEED and GUAR GUM

June 16, 2005

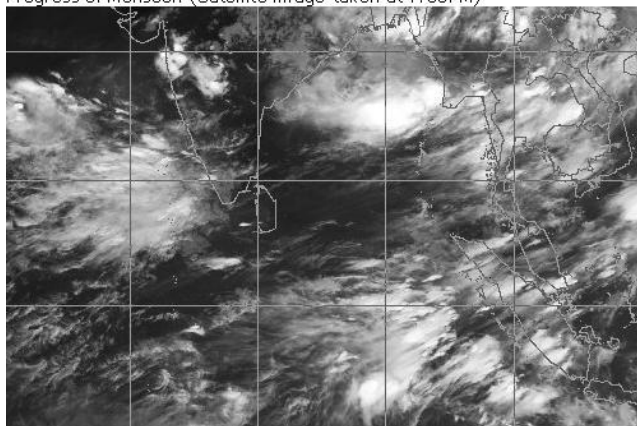
MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Guar seed futures at NCDEX opened firm and moved slightly upward but could not sustain for a long time and started to move down. All the future contracts of guar seed settled at lower ground though they traded range bound in both directions through out the day. Guar seed physical markets are in confusion and various news regarding monsoon are flooding the market. Astrologers all over the Rajasthan are predicting that monsoon will be poor for Rajasthan and this is pulling the sentiments towards bullishness. That is why the market is trying to move higher. On the other hand, IMD is forecasting that monsoon has progressed in NE States and will cover most of the area within next 2-3 days. Today's INSAT images are also revealing the same. This is putting threat amongst bulls of the guar trade. IMD is also predicting that monsoon may revive in southern peninsula within 2-3 days. If it happens, or gets about to happen, prices of guar may feel a further steep drop before the expiry of June contract.

Progress of Monsoon (Satellite image taken at 7:00PM)



Bikaner line 98% whitish guar seed witnessed a downward change in physical market and was sold at Rs.1680 in Jodhpur market, though it was sold at Rs.1710 per quintal in the morning. Nagaur-Merta line was quoted at around Rs. 1650 per quintal in the same market.

Bikaner market also witnessed a downfall in the prices of guar seed today and guar seed was sold at Rs.1580 per quintal over there. Other markets witnessed almost steady to marginal downward trade in guar seed today.

Guar gum futures at NCDEX moved upward in the morning but traded range bound downward later and closed at lower ground at the end. Guar gum physical markets could not resist the movements in futures and traded upward initially and weaker later on. Today, guar gum was available at Rs.4425-50 per quintal towards the end of the day in Jodhpur market.

Salient points of the day

- After witnessing upward moves in morning, guar seed and gum finished the day at lower ground (both futures as well as spot).
- **Monsoon has advanced over some parts of NE states today.**
- **Monsoon may revive over south peninsular India during next 2-3 days.**
- Clear to dusty weather in most of the places in major guar growing areas like, Jodhpur, Ganganagar, Nokha etc., partly cloudy in Bikaner and light showers in Khairthal.
- Slight stockist's activities in markets.

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

Commodity	Centres	15.06.05	16.06.05	Change
Guar seed:	Bikaner	1625	1580	-45
	Jodhpur-B line	1690	1680	-10
	Jodhpur-M line	1665	1650	-15
	Nokha	- 1520(250)		-
	Alwar	1425	1425	0
	Khairthal	1410	1410	0
	Ganganagar	1600	1600	0
Guar Gum:		4450-75	4425-50	-25

Bikaner Guar Vayda

Guar Prices at Bikaner Vayda

Contract	Prev. Close	Open	Close	Change
July	324.6	328	324.3	-0.3

Price movements at Bikaner Vayda

Bikaner guar seed vayda opened firm and moved higher slightly initially but came down later and ended lower. July vayda opened at 328, traded in the range of 328.5-322.4 and closed at 324.3, i.e., down by Rs.1.5 per quintal.

WEATHER WATCH

(Forecast as on June 16, 2005- for next 5 days)

Monsoon Outlook:

Monsoon may revive over south peninsular India during next 2-3 days. Monsoon has advanced over some parts of NE states today. The northern limit of monsoon over Bay of Bengal and NE States passes through 17degN/85deg E, 20 deg N/95 deg E, Agartala, Shilong and Tejpur. Prediction also indicates progressive increase in rainfall activity over North-eastern States during next 2-3 days which may lead to further progress of monsoon over some more areas of NE States.

Heat Wave Condition:

Severe heat wave conditions are prevailing over Orissa, Chhatisgarh, north coastal Andhra Pradesh and heat wave conditions over parts of Bihar, Jharkhand, east Uttar Pradesh and south Madhya Pradesh.

Prediction suggests further improvement in severity of heat wave condition in Orissa, Jharkhand and Coastal Andhra Pradesh during next 2 days.

Weather Systems:

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

A western disturbance is likely to approach J&K and adjoining area in next 24 Hrs. It is likely to cause isolated to scattered rainfall/snowfall over hilly regions of NW India during 17-19 June 2005.

A north-south trough off the Karnataka & Kerala coast is likely to persist during next 4 days.

Rainfall:

North-eastern states are likely to receive increased rainfall activity with Fairly widespread to widespread rains/thundershowers likely over the region during next 2- 3 days.

Scattered rain/thundershowers are expected over West Bengal and Orissa and isolated over Jharkhand and Bihar during next 2-3 days.

Scattered to 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 by 17th June. Konkan & Goa, Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rainfall activity

Mainly dry weather may prevail over NW India, East Uttar Pradesh, Central India and Gujarat and Rajasthan during next 3 days.

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 Friday.

Stochastic:

The stochastic is moving downward. %K line is lying below the %D line in neutral region, hinting towards weaker prices tomorrow.

MACD:

The MACD (5-day) is lying above its EMA and moving upward, indicating that prices may remain firm.

Alignment pattern:

The alignment pattern of moving averages is not giving any clear-cut signal for weaker prices.

July contract of guar seed witnessed slight upward trade during morning but ended lower. June and August contracts followed the same. Guar seed is expected to open steady and trade range bound downward tomorrow.

Market outlook:

- Prices are expected to open firm/steady and trade upward initially on Friday and may come down later. (The trade depends totally on monsoon news so 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	1626	1615	1655	1669
July	1649	1636	1682	1696
August	1665	1651	1702	1721



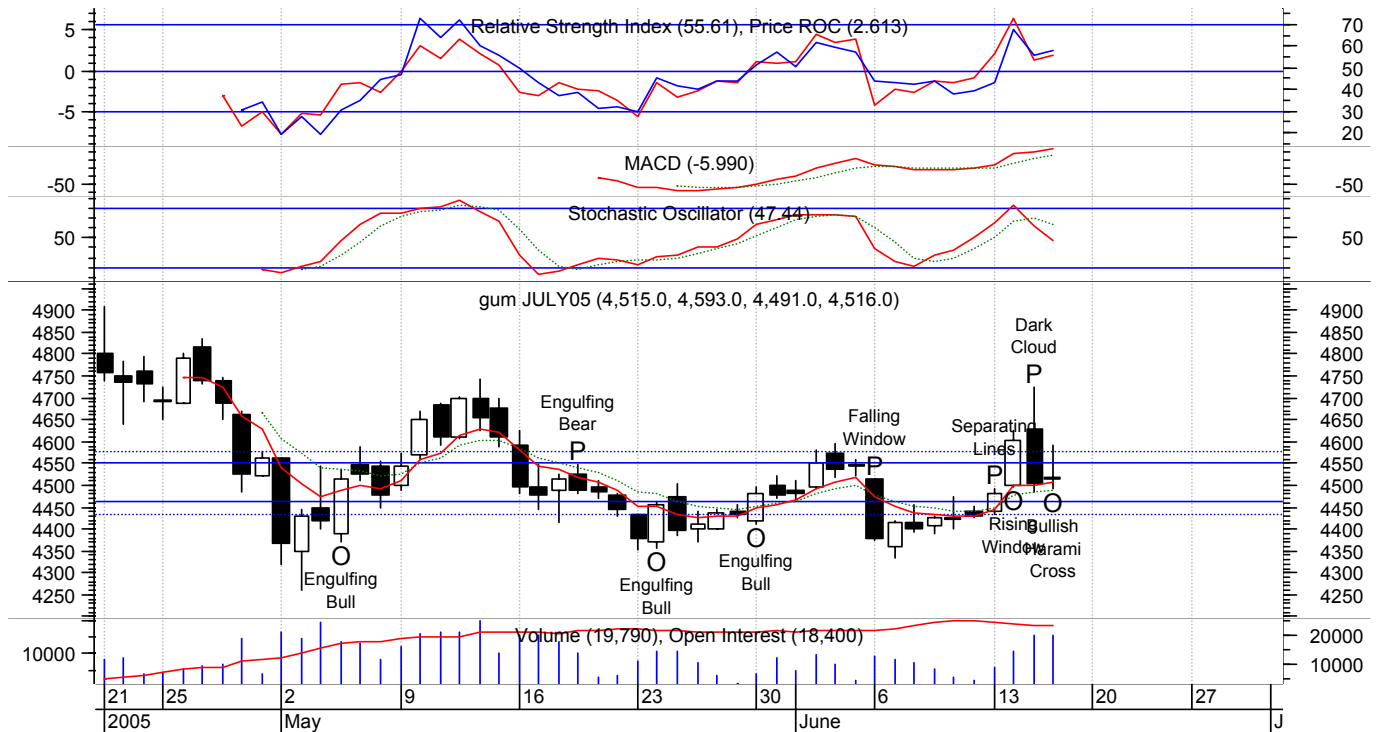
Commodity: **Guar Gum**
 Perspective: Very Short Term

NCDEX June Contract

Candlestick:
 Formation of Candlestick pattern is indicating towards a steady opening and range bound trade on Friday.

Stochastic:
 The stochastic is moving downward and %K line is lying the %D line, hinting towards weaker prices next day.

MACD:
 The MACD (5-day) is still moving upward though flattened slightly, indicating that prices could go up slightly.



Alignment pattern:

The alignment pattern of moving averages is giving slight indication regarding strength in the market prices still.

Guar gum July contract finished the day lower after trading upward initially and range bound thereafter. June and August contracts also traded in similarly. Guar gum is expected to open firm and trade range bound downward tomorrow.

Market outlook:

- Prices are expected to open firm/steady and trade initially towards higher side on Friday but are expected to come down later. (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	4386	4353	4462	4490
July	4464	4432	4550	4579
August	4539	4508	4627	4665

EXCHANGE RATE:

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.61
European Union	Euro	52.69
United Kingdom	GBP	79.42
Japan	100 Yen	39.90

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