



Trade Research Report

Guar Seed and Guar Gum

MARKET TRENDS, HIGHLIGHTS AND RECOMMENDATIONS

Periodicity: Weekly

Date: 21 May-28 May, 2005

MARKET HIGHLIGHTS

Guar seed and gum traded marginally down

Guar vayda traded range bound

Market commentary of guar seed spot prices

Almost lateral movement was witnessed in guar gum future trade at NCDEX during past week. Guar seed started the week with downward moves, traded range bound throughout the week and settled slightly higher than previous weekend's close. Physical markets were witnessing the poor arrival of guar seed and the buying support is also absent in markets. Various weather forecasts also influenced the prices. According to latest forecast, monsoon is expected to arrive at Kerala coast on 7th June, one week delayed from normal date.

Prices of guar seed in various physical markets witnessed range bound moves. In Jodhpur market, Bikaner line 98% guar seed witnessed the trade range of Rs.1590-1650 per quintal during the week. Bikaner and Nokha markets were also followed the similar pattern.

In Ganganagar, Hanumangarh regions of Rajasthan and in some parts of Haryana, early sowing of guar seed, which is known as GUARI, has been started and is going well. It is also going to influence the prices of guar seed in future.

Week at a glance

- ◆ Poor physical arrivals of guar seed in cash markets,
- ◆ Slight support from stockists,
- ◆ Speculative trades in guar futures,
- ◆ Hot and sunny weather, sometimes cloudy,
- ◆ Influence of weather forecasts on future prices,
- ◆ Starting of *Guari* (early sowing of guar seed in some parts of Rajasthan and Haryana),
- ◆ Wait and watch policy adopted by millers and exporters.

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	
21.05.05	1560	1670-75	1650-60	1500
28.05.05	1550	1655-60	1635	1465(150)
Change	-10	-15	-25	-35

Figures in parentheses are market arrivals.

Market Commentary on Guar Gum and By-products

Guar gum futures at NCDEX traded range bound during the week and settled at almost same level of previous weekend's close. Physical buying support was very weak in cash markets. In the absence of any physical buying, guar gum traded speculative witnessed marginally lower grounds. In Jodhpur market guar gum was available at the price range of Rs.4275-4375 Per quintal during whole week.

By-products of guar gum processing i.e., Guar Churi and Guar Korma are witnessing poor demand during these months. Prices of these were almost steady during the week. Churi was sold at Rs.455 per 75 kg and Korma was quoted at Rs.520 per 75 kg.

Weather watch (forecast on 27-05-2005 for next 3 days)

Monsoon Outlook:

- Southwest monsoon has advanced over south Andman Sea and southern parts of southeast Bay of Bengal.
- The conditions are favourable for further advance of monsoon and cover more parts of south-east Bay of Bengal and north Andman & Nicobar sea during next 2-3 days.
- Rainfall activity over Kerala is also likely to increase during next 3-4 days.

A. Weather Systems:

- At present a western disturbance lies over J&K and adjoining areas. It is likely to move in an east-northeast direction and become unimportant in next 24 Hrs. Under its influence Jammu & Kashmir, Himachal Pradesh and parts of Uttranchal are likely to experience isolated to scattered snowfall/rains during next 24 Hrs.
- Another western disturbance may approach north Pakistan and adjoining J&K by 30th May 2005.
- A line of trough runs from Chattisgarh to south Andhra Pradesh in the lower level. It may continue to persist during next 2-3 days.

B. Rainfall:

- Isolated to scattered snowfall/rainfall is likely over hilly regions of NW India viz. J&K, H.P. and Uttranchal during next 24 Hrs. and then during 30-31 May2005.
- Scattered rainfall/thundershowers are likely over Jharkhand, Chattisgarh, Orissa, NE States and West Bengal during next 3-4 days.

- Isolated to scattered rains/ thundershowers are likely over Kerala and Coastal Karnataka and isolated rains over Konkan & Goa, Telengana, coastal A.P., South Tamilnadu, Interior Karnataka and Lakshadeep during next 3 days.
- Scattered to fairly widespread rainfall is expected over Andman and Nicobar during next 3-4 days.

C. Temperatures:

- Day temperatures over Chattisgarh and M.P are likely to fall by about 2 deg C during next 48 Hrs.
- Prevailing Heat wave condition over Vidarbha is likely to continue during next 24 Hrs.
- Day temperature is likely to fall by 2-3 deg C over the south peninsula 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
21.05.05	1560.65	1585.9	4297
23.05.05	1544.7	1574.3	4260.85
24.05.05	1538.75	1570.2	4244.65
25.05.05	1561.05	1583.15	4312.4
26.05.05	1560.2	1578.55	4302.1
27.05.05	1553.35	1573.3	4279.7
28.05.05	1567.15	1586.85	4321.35
Change (Rs)	+6.5	+0.95	+24.35

Guar Seed futures prices at NCDEX

Dates	June Futures		July Futures		Aug Futures	
	Open	Close	Open	Close	Open	Close
21.05.05	1600	1586	1607	1595	1601	1604
23.05.05	1577	1572	1591	1580	1603	1588
24.05.05	1575	1608	1579	1618	1592	1630
25.05.05	1610	1579	1618	1585	1625	1592
26.05.05	1580	1588	1586	1595	1591	1602
27.05.05	1590	1602	1592	1611	1598	1621
28.05.05	1607	1601	1615	1609	1625	1619

Guar Gum futures prices at NCDEX

Dates	June Futures		July Futures		Aug Futures	
	Open	Close	Open	Close	Open	Close
21.05.05	4432	4389	4477	4446	4470	4506
23.05.05	4370	4313	4434	4378	4475	4439
24.05.05	4319	4390	4372	4457	4449	4531
25.05.05	4399	4329	4473	4396	4500	4457
26.05.05	4331	4348	4399	4411	4441	4469
27.05.05	4336	4364	4402	4438	4465	4502
28.05.05	4370	4364	4441	4433	4480	4491

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

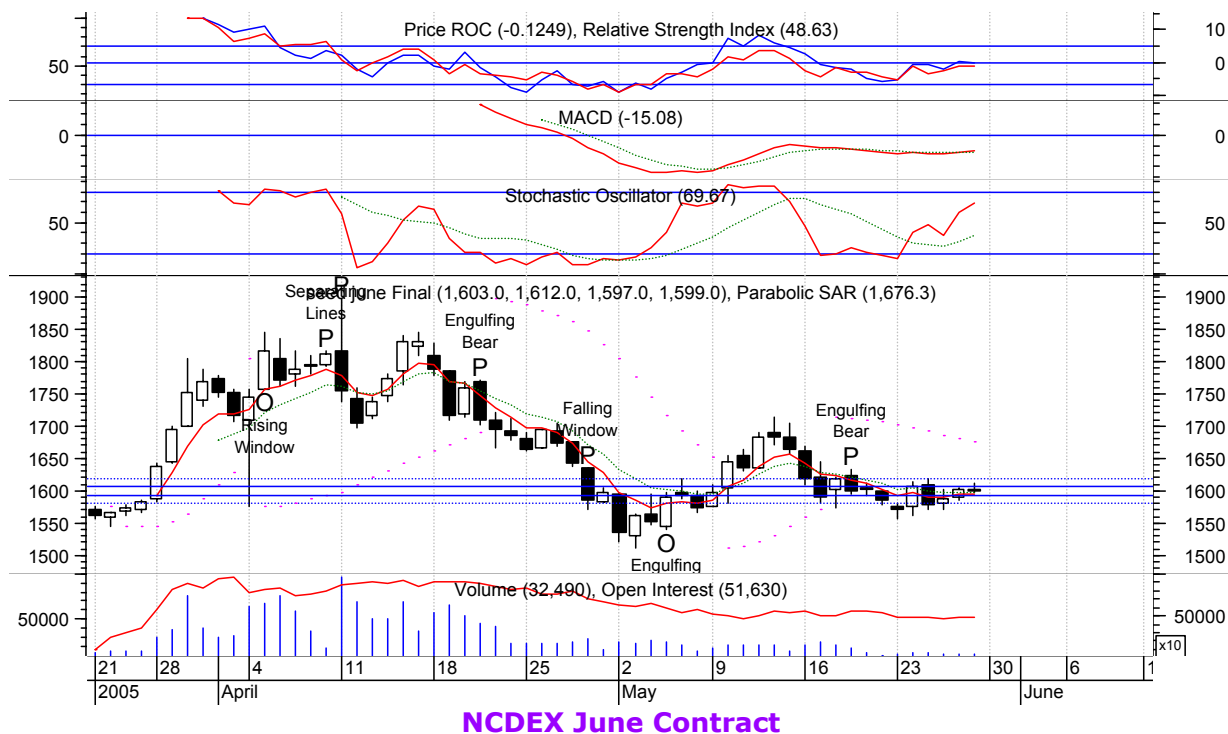
	Country	Values (Rs. Lakhs)		Quantity ('000 Kgs)	
		2003-2004	2004-05 (Apr-Sep)	2003-2004	2004-05 (Apr-Sep)
1	U S A	12,158.99	5,762.00	26,775.90	10,681.28
2	German F Rep	5,211.64	3,321.75	12,980.04	5,052.39
3	China P Rp	1,060.03	743.67	2,651.52	1,722.74
4	Canada	698.71	283.6	1,605.30	578
5	France	1,892.70	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

Date: 28 May, 2005

Commodity: Guar Seed
Perspective: Very Short Term



Candlestick: Formation of **Candlestick** pattern is indicating towards weaker opening and range bound trade on starting of next week's trade.

Stochastic: The **stochastic** is moving upward, %K line is lying above %D line but today its curvature changed and became slightly flatter, pointing towards marginal weakness in prices next day.

MACD: The **MACD (5-day)** is moving upward and has crossed its EMA from below, hinting towards slight strength in the market during next week.

Alignment pattern: The alignment pattern of moving averages is indecisive and not giving clear cut signal towards the direction of price movement on next trading day.

The most active June contract of guar seed future witnessed range bound marginally higher trade during day but settled at marginally lower ground. July and August contracts also followed similar path. **Guar seed is expected to open weak and trade range bound next day.**

Market advice:

- Prices are expected to open marginally weaker on Monday, trade range bound slightly up during initial days then come down later.
- **Trade with very short-term outlook.**

EXCHANGE RATE: US\$ 1 = Rs. 43.45 as on May 21, 2005:

Rs. 43.51 as on May 28, 2005.

Disclaimer

This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment)

If a customer of an affiliate of IASL receives this report, its provision to the recipient is subject to the terms of business in place between the recipient and such affiliate.

This document is for **private circulation only** and may not be reproduced in whole or in part for any purpose without written permission.

Use of data and information contained in this report is at your own risk.

Please visit us at www.agriwatch.com

Registered Office: E 12, Greater Kailash I, New Delhi 110 048

Telefax: (011) 2628 3336

Copyright Ó 2002 **Indian Agribusiness Systems Pvt Ltd.**

****END****