



Trade Research Report

Guar Seed and Guar Gum

MARKET TRENDS, HIGHLIGHTS AND RECOMMENDATIONS

Periodicity: DAILY

Date: JUNE 02, 2005

TRADE HIGHLIGHTS

Guar seed and gum traded upward
Guar vayda jumped to higher ground

MARKET COMMENTARY OF MAJOR MARKETS

It was the day of news regarding weather which fuelled up the prices of guar seed and guar gum at NCDEX today. In the morning, one news arose that rainfall in June month is going to be below normal and that too by 34 per cent. Amid this news, guar seed prices started soaring up and continued to move up with slight range bound moves in between. During afternoon forecast of IMD came that, monsoon will arrive only after June 6th where as it was scheduled to arrive in between June 4-6 as per its earlier prediction. Though there was not any support from millers in physical market but following the future market, prices in physical market also jumped up. In Jodhpur market the price of guar was around Rs.1700 per quintal during evening. Nagaur-Merta line was quoted around Rs.1675-80 per quintal today.

In Bikaner market, guar seed was priced at Rs.1605 per quintal, up by Rs.40 per quintal. In Nokha market it was priced at Rs.1520 per quintal with arrival of around 400-500 bags. In Ganganagar market guar seed was quoted at Rs.1600 per quintal where as it was sold at Rs.1450-Rs.1430 in Alwar and Khairthal markets.

Guar gum at NCDEX witnessed similar moves as guar seed and physical markets followed it. In Jodhpur and other markets, guar gum was available at Rs.4425 per quintal though it ranged from Rs.4375-4450 per quintal during whole day.

As the market is not having any sufficient physical supports to influence the prices, the movement in prices are totally dependent on futures which in turn seems to have become dependent on few big speculators. Now the guar market will move mainly on weather, it may be actual forecast or rumors or any news regarding it as we have already witnessed the trailer today.

Salient points of the day

- Weather news:
 - During morning: news that rains are below normal in June month (34% lesser than normal)
 - During afternoon: Onset of monsoon only after 6th June
- Guar seed physical markets traded upward

- Spot prices are being highly influenced by future prices
- Slight activity of stockists in markets
- Almost negligible arrival of guar seed in guar markets

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

	Markets	01.06.05	02.06.05	Change
Guar seed:				
	Bikaner	1560-65	1605	+40
	Jodhpur-B line	1670	1700-10	+40
	Jodhpur-M line	1650	1680	+30
	Nokha	1475	1520	+45
	Alwar	1420	1450	+30
	Khairthal	1405	1425-30	+25
	Ganganagar	1570	1600	+30
Guar Gum:		4300-25	4425	+100

Bikaner Guar Vayda

Guar Prices at Bikaner Vayda (June 02)

Contract	Prev. Close	Open	Close	Change
July	314.2	317.4	320	+5.8

Price movements at Bikaner Vayda

Bikaner guar seed vayda opened up and moved upward with slight range bound movements and finally settled up. July vayda opened at 317.4, traded in the range of 320.8-317.3 and closed at 320, up by Rs.29 per quintal from previous close.

Weather watch (Forecast as on June 2, 2005)

Monsoon Outlook:

- Flow pattern further suggests that the conditions may become favourable for onset of monsoon over Kerala only after 4-5 days.
- Advancement of monsoon over NE India is expected to be after 6th June 2005. NE India is likely to receive monsoonal rains earlier than Kerala.

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 to scattered snowfall/rain are likely over hilly regions of NW India during 6-7 June 2005.
- Isolated to scattered rains/thundershowers are likely over Konkan & Goa, Madhya Maharashtra, North Interior Karnataka, coastal Karnataka and coastal A.P. during next 24-48 Hrs. and over Kerala and NE states during next 3-4 days.
- 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.

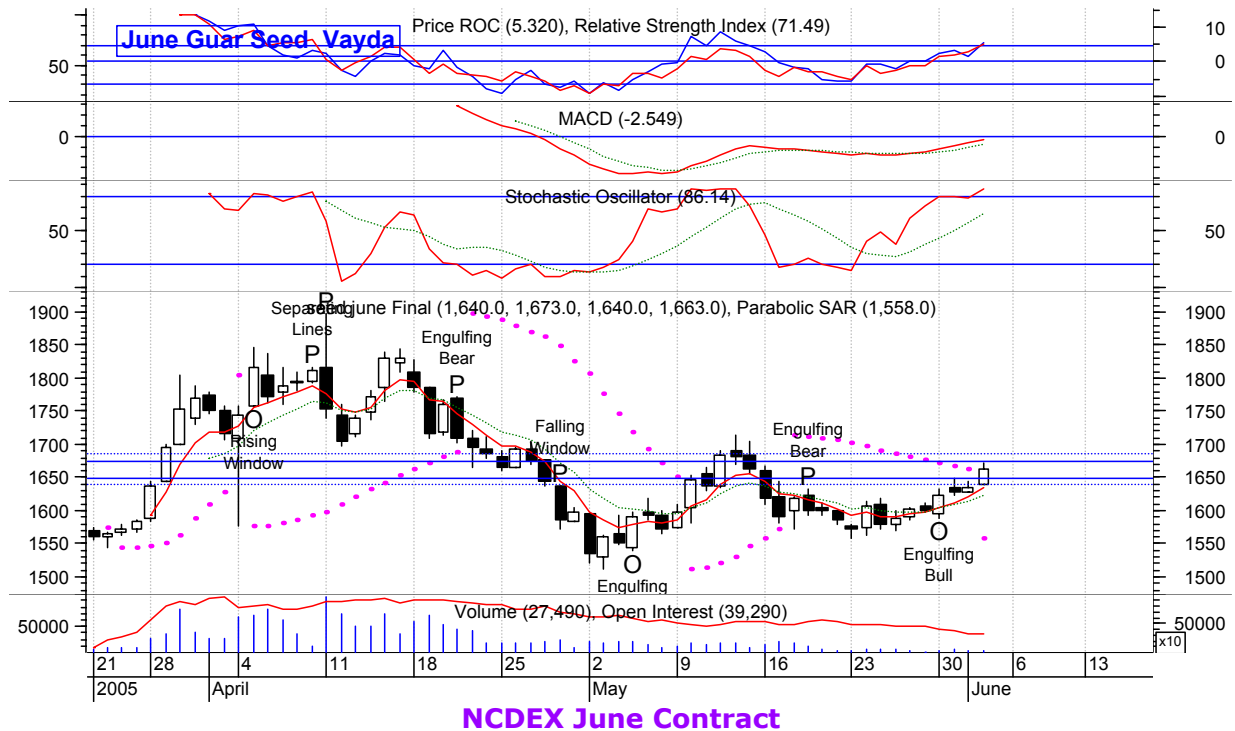
Temperatures:

- 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.

Technical Analysis

Date: 02 May, 2005

Commodity: Guar Seed
Perspective: Very Short Term



Candlestick: Formation of **Candlestick** pattern is indicating towards steady opening and marginally higher trade on Friday.

Stochastic: The **stochastic** is moving upward, %K line is lying in overbought region, hinting that technical correction may take place in near future.

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

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

Future contracts of guar seed witnessed firm opening and upward trade and finally it settled at higher ground. Guar seed future is expected to open steady and trade range bound tomorrow.

Market advice:

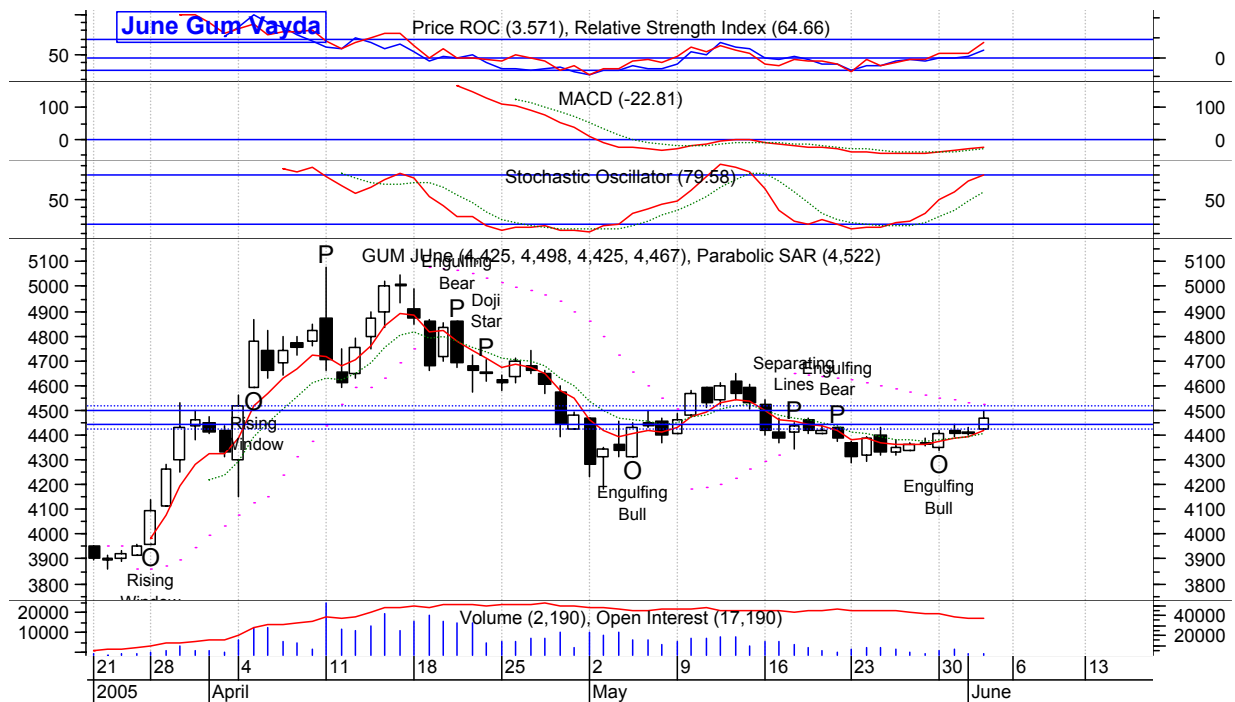
- Prices are expected to open firm /steady and marginally upward during morning and come down later on Friday.
- Trade with very short-term outlook.

Support and Resistance level for Guar Seed :

Contracts	Support		Resistance	
	1st	2nd	1st	2nd
June	1648	1638	1674	1685
July	1661	1652	1692	1705

Commodity: Guar Gum

Perspective: Very Short Term



NCDEX June Contract

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

Stochastic: The **stochastic** is moving upward and approaching to overbought line, %K line is lying above %D line, hinting that technical correction is awaited after one or two days.

MACD: The **MACD (5-day)** is moving upward and lying above its EMA, though lying below zero line, hinting that prices may remain firm.

Alignment pattern: The alignment pattern of moving averages is indicating firmness in the market tomorrow.

Guar gum June contract witnessed firm opening and settled up at the end. July and August contracts also followed similar path. Guar gum is expected to open steady/firm and trade range bound tomorrow.

Market advice:

- Prices are expected to open steady/firm and trade upward during morning and may come down later on Friday.
- Trade with very short-term outlook.

Support and Resistance level for Guar Gum:

Contracts	Support		Resistance	
	1st	2nd	1st	2nd
June	4444	4422	4497	4517
July	4516	4490	4578	4602

EXCHANGE RATE:

Currency	Previous day	Today
US \$	43.72	43.77
Euro	53.93	53.50
British £	79.61	79.35
100 Yen	40.37	40.37

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