

## GUAR SEED and GUAR GUM

June 27-July 2, 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Guar seed and gum traded range bound
- Guar vayda traded range bound and settled lower

### MARKET COMMENTARY OF MAJOR MARKETS

Southwest monsoon was making slow progress upto 26<sup>th</sup> June but started progressing rapidly and showed unexpected fast movement in covering the almost entire India after June 27<sup>th</sup>. If we see the figures released by IMD, rain deficit upto 22<sup>nd</sup> June was 49 per cent which reduced to 15 per cent by the end of the month. Guar seed traded on monsoon and rainfall during starting of the week. As and when guar growing areas witnessed rains, its prices slipped down but only during first half of the week when almost all the regions were covered by first rain showers and it started taking technical correction and moving upward thereafter.

Physical markets mostly followed the futures and traded behind that thought they faced slight buying support sometimes. The fear of rains have been vanished now and guar is witnessing slight buying support in cash markets but arrivals are quite low. Farmers are not bringing it to the market and hence physical transactions are appearing to be poor. Guar seed at NCDEX settled at lower level and following this, Bikaner line 98% whitish guar also witnessed lower ground and was priced at Rs.1540 per quintal in Jodhpur market at the weekend. In other markets like Bikaner, Nokha etc. it traded on the same way and witnessed downward move in prices initially and recovered marginally thereafter.

Normal sowing of guar seed is done in the last week of July and it needs rains at that time. Hence now the ball is ready to be in the hand of rain God. If July 3<sup>rd</sup> and 4<sup>th</sup> week are witnessing good rainfall, prices of guar seed and gum must see a steep drop and on the other hand if rains during these days are poor, prices will be sore.

### Week at a glance

Guar seed and gum traded range bound but ended much lower than last weekend's close.

Monsoon has covered almost entire India, flood in Gujarat and M.P.

As soon as monsoon covered the most of the Rajasthan, guar started showing slight technical correction towards higher side

Eastern Rajasthan has witnessed good rains but western parts still did not get sufficient of it.

The overall rainfall deficiency came down from 49% as on 22 June to 15% as on 30 June.

The number of sub-divisions in deficient/scanty category has gone down from 28 as on 22 June to 17 as on 30 June.

A number of sub-divisions in central India viz. Saurashtra & Kutch, Gujarat region, Rajasthan, East Madhya Pradesh, Madhya Maharashtra and Vidarbha have received normal/excess rainfall. Punjab and Haryana in northwest India have also received normal/excess rainfall.

Good rainfall activity over central India may continue for another 2-3 days also there could be increase in rainfall activity over NW India during 3-5 July, 2005.

Heavy rainfall activity in Gujarat is expected to decrease after 4th July.

### 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	
25.06.06	1500	1590-1600	1575	1400
02-07-05	1475	1530	1500	1380(50)
Change	-25	-70	-75	-20

Figures in parentheses are market arrivals.

### Market Commentary on Guar Gum

Guar gum futures at NCDEX continued slipping during first half of the week. Though it started moving slightly upward during later half but even then it ended at much lower level than last weekend's close. Physical markets also followed futures and traded behind it. As arrivals of guar seed was very poor in the markets, mostly guar gum were witnessing physical transactions over there. Guar gum was available at Rs.4225 per quintal in Jodhpur market during weekend.

### WEATHER WATCH

#### CURRENT WEATHER SITUATION (02-07-05)

#### PROGRESS OF MONSOON;

Yesterday's depression over northeast Madhya Pradesh and adjoining southeast Uttar Pradesh moved westnorthwestwards and now lies over north Madhya

Pradesh and adjoining east Uttar Pradesh at 0830 hours IST of today with its centre close to Khajuraho. The system is likely to move slowly in a west-northwesterly direction. The upper air cyclonic circulation over Gujarat and neighbourhood and extending between 1.5 and 5.8 km above sea level tilting southwards with height persists. The other upper air cyclonic circulation over northwest Rajasthan and neighbourhood extending upto 2.1 km above sea level has merged with the seasonal trough. The axis of the monsoon trough at sea levels passes through Bikaner, Jaipur, Jhansi.

#### Forecast for Next 24 Hours

**NORTH :** rain/thundershowers likely at many places Uttar Pradesh and at a few places in the rest region.

**EAST :** rain/thundershowers likely at most places in east Madhya Pradesh and at many places over the rest region.

**SOUTH :** rain/thundershowers likely at many places over coastal Karnataka and Kerala and at few places in the rest region outside Andhra Pradesh and Tamil Nadu & Pondicherry where it may be isolated.

**WEST :** rain/thundershowers likely at most places over Konkan & Goa and Gujarat state and west Madhya Pradesh and at a few places over rest region.

#### Outlook for subsequent two days :

Ongoing rainfall activity over central parts of the country is likely to continue and may extend to northwestern parts of the country. The heavy rainfall activity over Gujarat state is likely to decrease.

#### Heavy Rainfall Warning

Heavy to very heavy rainfall likely at a few places over Madhya Pradesh, Konkan and Goa and Gujarat State. Isolated heavy rainfall also likely over Gangetic West Bengal, Orissa, Uttar Pradesh, East Rajasthan and Madhya Maharashtra..

**(Forecast as on June 27, 2005- for next 5 days)**

#### Weather Systems:

Southwest monsoon has advanced over some more parts of Gujarat, entire east Madhya Pradesh and east Uttar Pradesh; most parts of west Madhya Pradesh and Uttranchal and some parts of south east Rajasthan, west Uttar Pradesh and Himachal Pradesh. The northern limit of monsoon passes through Nalia, Ahmedabad, Kota, Gwalior, Bareilly, Dehradun, Sundernagar, 32 deg. N/79 deg. E.

An upper air cyclonic circulation is developing over north Bay of Bengal. The circulation is likely to descend down and concentrate into a low pressure system within next 24 Hrs. With the formation of low pressure system, monsoon activity over Central India is likely to enhance during next 3 days.

Conditions are favourable for further advancement of monsoon over remaining parts of West Uttar Pradesh, Uttranchal, West Madhya Pradesh, Gujarat, Saurashtra and Kutch, and some more parts of east Rajasthan, Himachal Pradesh and parts of Haryana (including Delhi), Punjab and Jammu & Kashmir during next 2-3 days.

A weak western disturbance is likely to approach J&K and adjoining area by during 30 June -1July05. Under the combined influence of this and monsoonal winds, scattered to fairly wide spread rainfall may occur over certain parts of hilly regions of NW India during 30June-1July.

#### Rainfall:

Fairly widespread rainfall is likely over Uttranchal, West Uttar Pradesh during next 24 hours. Scattered rains are also likely over Himachal Pradesh during next 24 hours.

Fairly wide spread to Widespread rains are expected over Konkan & Goa, Vidarbha, East Madhya Pradesh, Chattisgarh, Orissa, West Bengal and Northeastern States during next 3-4 days.

Fairly wide spread rainfall is likely over Andaman & Nicobar Islands, Coastal and North Interior Karnataka, Kerala, North Coastal Andhra Pradesh, North Telanagana, Lakshadeep during the week.

Scattered to fairly wide spread rainfall is likely over West Madhya Pradesh, Jharkhand and Bihar, Madhya Maharashtra, Marathawada, Gujarat region, Saurashtra & Kutch and East Rajasthan and Haryana during later part of the week.

Isolated to Scattered rainfall is likely over Tamilnadu, Rayalaseema , South Interior Karnataka.

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

Prices of guar in Rs/qt

Dates	Bikaner	Jodhpur	Guar Gum
25.06.05	1505	1521.8	4217.2
27.06.05	1448.5	1450.95	4019
28.06.05	1442.05	1451	4025.75
29.06.05	1418.2	1405.2	3859.55
30.06.05	1412.85	1397.1	3816.15
01.07.05	1435.75	1441.65	3911.25
02.07.05	1456.5	1444.3	3912.5
<b>Change (Rs)</b>	-48.5	-77.5	-304.7

#### Guar Seed futures prices at NCDEX

Dates	July Futures		Aug. Futures		Sep. Futures	
	Open	Close	Open	Close	Open	Close
25.06.05	1602	1562	1619	1580	1638	1601
27.06.05	1553	1511	1577	1527	1596	1544
28.06.05	1514	1484	1526	1502	1550	1518
29.06.05	1475	1453	1491	1468	1513	1482
30.06.05	1445	1493	1455	1511	1479	1527
01.07.05	1488	1483	1510	1501	1526	1516
02.07.05	1490	1495	1502	1514	1515	1530

### Guar Gum futures prices at NCDEX

Dates	July Futures		Aug. Futures		Sep. Futures	
	Open	Close	Open	Close	Open	Close
25.06.05	4340	4275	4419	4358	4501	4438
27.06.05	4235	4079	4350	4155	4411	4230
28.06.05	4085	3996	4215	4068	4190	4145
29.06.05	3951	3860	4050	3928	4139	4004
30.06.05	3800	3958	3900	4024	3962	4097
01.07.05	3920	3919	3965	3991	4115	4061
02.07.05	3950	3947	4015	4020	4076	4089

### 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-Dec)	2003-2004	2004-05 (Apr-Dec)
1	U S A	261.31	409.33	576.38	878.05
2	CHINA P RP	239.2	129.01	633	277.3
3	GERMANY	171.92	17.69	458.96	40
4	CANADA	116.63	36.77	200.9	59
5	MEXICO	89.45		210	
6	ARGENTINA	76.45	38.16	238	80
7	INDONESIA	71.7	136.31	163	330.2
8	JAPAN	66.6	22.5	178.8	40
9	HONG KONG	64.64	7.08	177.5	0.02
10	RUSSIA	56.9	27.45	152	60
11	BRAZIL	45.78	9.41	127	20
12	TURKEY	45.39	84.61	100	181
13	ITALY	44.48	108.58	97.2	172
14	ZIMBABWE	41.4		120	
15	TAIWAN	35.68	66.42	73	121.5
16	NTH'LAND	33.72	1.11	60	3
17	KOREA RP	31.98	5.97	66.4	8.5
18	SWZ'LAND	30.31	6.72	80	20
19	PAKISTAN IR	29.82		100	
20	FRANCE	29.77	39.52	65	80
	Total	1,868.64	1467.97		

Source: DGFT

#### Export of Guar Gum Refined Split to different countries from India

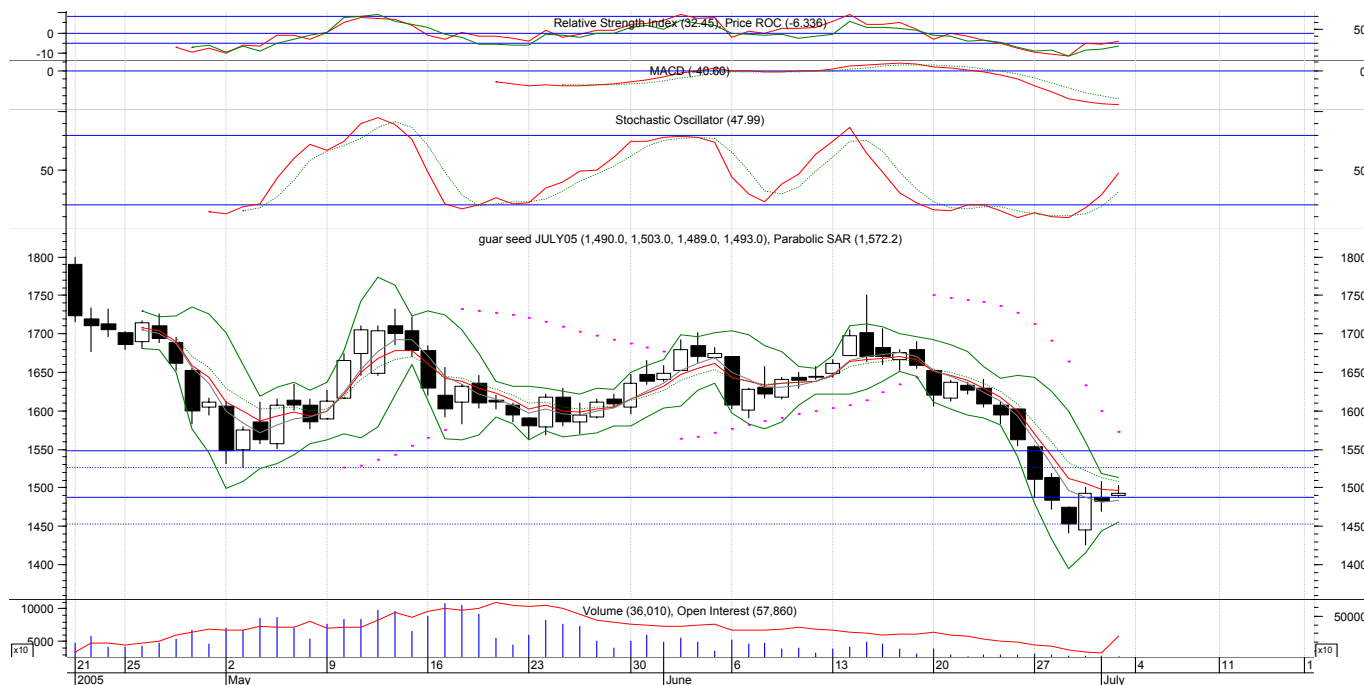
	Country	Values (Rs. Lakhs)		Quantity ('000 Kgs)	
		2003-2004	2004-05 (Apr-Dec)	2003-2004	2004-05 (Apr-Dec)
1	U S A	7,137.03	8,492.79	17,332.04	19,504.78
2	CHINA P RP	1,892.09	1,495.33	5,294.75	3,427.50
3	GERMANY	865.12	644.05	2,103.89	1,735.99
4	SWZ'LAND	773.93	644.95	2,109.86	1,572.30
5	ITALY	748.46	238.91	1,635.73	507.41
6	NTH'LAND	412.66	177.53	829.8	299.3
7	JAPAN	319.13	463.59	753.98	1,084.89
8	SOUTH AFRICA	263.87	608.3	806.82	1,405.47
9	SPAIN	235.05	339.25	625	699.04
10	CANADA	226.6	179.37	491.84	512.46
11	U K	216.34	512.15	526.84	879.32
12	GEORGIA	158.57		458.6	
13	HONG KONG	155.04	340.94	324.89	882.19
14	BRAZIL	151.76	132.59	415	312.38
15	AUSTRALIA	149.54	39.15	408.5	108
16	FRANCE	144.54	78.47	345.75	157.27
17	MEXICO	97.66	50.34	200	98.03
18	TAIWAN	89.31	16.86	266	60
19	DENMARK	86.79	146.74	220.19	398.56
20	POLAND	85.55	10.65	200.02	20
	Total	15,317.01	15771.52		

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-Dec)	2003-2004	2004-05 (Apr-Dec)
1	U S A	12,158.99	10,111.91	26,775.90	17,187.54
2	GERMANY	5,211.64	6,926.32	12,980.04	9,593.67
3	FRANCE	1,892.70	583.66	3,612.45	694.77
4	U K	1,276.71	594.05	2,387.53	1,163.15
5	SOUTH AFRICA	1,075.63	636.99	3,033.33	874.72
6	ITALY	1,065.56	721.31	2,403.84	1,201.57
7	CHINA P RP	1,060.03	1,916.67	2,651.52	4,128.79
8	HONG KONG	936.6	251.78	2,270.95	652.09
9	CANADA	698.71	565.73	1,605.30	1,222.20
10	SWZ'LAND	573.09	280.17	1,383.74	630.2
11	DENMARK	535.6	326.96	1,136.89	688.6
12	VIETNAM SOC REP	525.76	74.89	2,181.01	98.54
13	NTH'LAND	524.9	444.09	1,224.49	886.1
14	JAPAN	442.13	489.58	1,062.74	983.53
15	AUSTRALIA	425.81	369.32	932.8	660.37
16	SPAIN	401.67	324.6	993.28	581.08
17	INDONESIA	358.74	205.64	804.86	351.12
18	KOREA RP	319.23	305.7	630.68	445.19
19	BELGIUM	312.82	442.82	687	794.65
20	BRAZIL	308.96	305.65	691.3	527.28
	Total	33,603.90	28632.36		

Source: DGFT



## Technical Analysis

**Commodity: Guar Seed**

**Perspective: Very Short Term**

**NCDEX July Contract**

### Candlestick:

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

### Stochastic:

The stochastic is moving in neutral region, %K is lying above %D line and expecting the movement towards higher side for next 2-3 days.

### MACD:

The MACD (5-day) is still moving downward below zero line and lying below its EMA but has flattened slightly, indicating that prices may shift towards other side during next week.

### Alignment pattern:

The alignment pattern of moving averages is yet not confirming upward trade completely.

Guar seed futures traded downward during first half of the week and settled much lower than previous weekend's close. It is expected to open firm and trade range bound upward during next week.

### Market outlook:

- Now the guar seed prices are expected to open firm and witness range bound upward movement during first half of the week. It may take slight correction towards lower side later in the week.

**Commodity: Guar Gum**  
**Perspective: Very Short Term**  
**NCDEX July Contract**

**Candlestick:**

Formation of Candlestick pattern is indicating towards firm opening and range bound upward trade during starting of the next week.

**Stochastic:**

The stochastic is moving upward; %K line is lying above %D line in the neutral region, expecting trade towards higher side next day.

**MACD:**

The MACD (5-day) is moving downward and lying below its EMA, but has started changing its curvature, hinting that it may move upward next week.

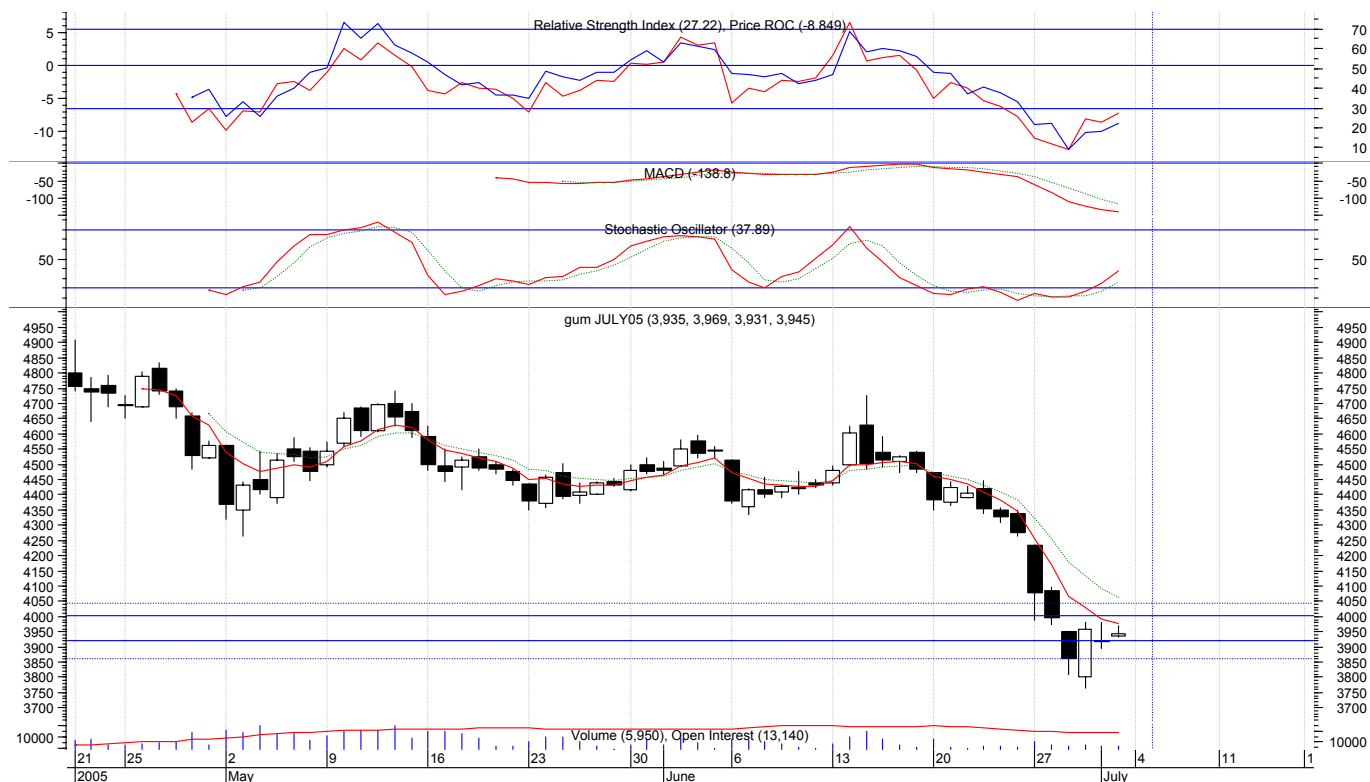
**Alignment pattern:**

The alignment pattern of moving averages is not confirming the upward moves in prices.

Guar gum July contract traded range bound downward initially but traded upward later in the week. Guar gum is expected to open firm and trade range bound upward next week.

**Market outlook:**

- Guar gum is expected to open firm and move towards higher side during initial 2-3 days of the week and take technical correction towards lower side later.



**EXCHANGE RATE:**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
European Union	Euro	52.38
United Kingdom	GBP	77.59
Japan	100 Yen	39.19

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. 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). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>