

GUAR SEED and GUAR GUM

Aug.08-13, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Guar seed and gum traded firm
- Guar vayda moved higher

MARKET COMMENTARY OF MAJOR MARKETS

It was almost clear weather all over in the Rajasthan and Haryana, which led the guar seed prices in future markets to move upward and finish the week at higher ground. Though in the later half of the week it traded speculative downward but overall it ended the week slightly higher than previous weekend's close. Cash markets did not witness any good demand and prices of guar seed in physical markets witnessed almost steady ground. Supply of guar seed is still negligible in markets. Bikaner line 98% whitish guar seed was asked between Rs.1575-1610 per quintal throughout the week though these were mere prices and physical transactions were almost negligible. Other markets witnessed similar sentiments regarding supply and price movements of guar seed.

Now the areas kept under Guari crop need rains for their vegetative growth. Other fields under Guar crop will also require rains within couple of days. As per various forecasts of government agencies like IMD and NCRMWF, there are chances of revival of monsoon during next week. Now it becomes important to observe that how much this revival of monsoon is going to quench the thirst of cropped areas of Rajasthan and Haryana kept under guar crop. If there will be sufficient rains in these areas, a good crop could be expected which in turn may check the upward movement of prices but if there arise a situation where rains are not sufficient in these areas, prices of guar seed may sore in future.

WEEK AT A GLANCE

Prices of guar seed and gum witnessed narrow fluctuation during the week, which finished marginally higher than previous weekend's close.

Clear weather was observed in Rajasthan during whole week.

Western Rajasthan witnessed 10% below rainfall during the period **June 01-August 10** (last year it was 35% below normal).

Eastern Rajasthan witnessed 12% above normal rainfall during the above period (last year it was 22% below normal).

Gujarat witnessed 69% above normal rainfall during the same period (last year it was 29% above normal).

Cumulative Seasonal Rainfall in India (1st June to 10th August, 2005): Rainfall was excess/normal in 30 and deficient/scanty in 6 out of 36 meteorological sub-divisions.

Rainfall was excess in 9, normal in 18, deficient in 4 and scanty in 1 district out of total 32 districts of **Rajasthan** for the period **01-06-05 to 10-08-05**.

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	
06.08.05	1470	1550-75	1525-40	1380(75)
13.08.05	1525	1590	1565	1350-75
Change	+55	+15	+25	-5

Figures in parentheses are market arrivals.

Market Commentary on Guar Gum

Guar gum futures at NCDEX started the week with upward move, traded speculative downward during midweek and finished the week at higher ground. There were occasional demand of guar gum by exporters but that too was not consistent. Exporters are waiting and expecting any rain showers in guar areas during coming days that could lead a drop in prices of guar gum in future as well as spot markets.

Guar gum traded in the range of Rs.3925-4100 per quintal in Jodhpur cash market during the week.

There is no other factor than rains in guar areas of Rajasthan and Haryana during forthcoming days that can decide the prices during next week as well as in future also.

WEATHER WATCH

Forecast as on 16th August, 2005 for next 5 days

Weather Systems:

Yesterday's upper air cyclonic circulation over north Orissa and adjoining Jharkhand now lies over Jharkhand and adjoining Chhattisgarh extending upto mid tropospheric levels tilting southwestwards with height. The system is likely to move in a west-northwesterly direction and may cause fairly widespread rainfall with isolated heavy falls over Madhya Pradesh during next 2-3 days. A fresh upper

air cyclonic circulation extending upto 2.1 km a.s.l. lies over central Pakistan and neighbourhood. Another fresh upper air cyclonic circulation extending between 2.1 & 4.5 km a.s.l. lies over Gujarat & neighbourhood. Yesterday's upper air cyclonic circulation over Jammu & Kashmir and neighbourhood has moved away eastwards. The axis of monsoon trough at sea level passes through Ferozepur, Delhi, Banda, Jharsuguda and thence southwards into central Bay of Bengal. Under this scenario, scattered to fairly widespread rainfall activity is also likely over Punjab, Haryana, Delhi, Uttaranchal, Himachal Pradesh, Jammu and Kashmir and West Uttar Pradesh. Southwest monsoon was vigorous over Jammu & Kashmir and active over Uttaranchal, Himachal Pradesh, east Madhya Pradesh, Chhattisgarh, Telangana and South Interior Karnataka. Rain/ thundershowers occurred at most places over Andaman & Nicobar Islands, sub-Himalayan West Bengal & Sikkim, east Uttar Pradesh, Konkan & Goa, coastal Karnataka and Kerala; at many places over Arunachal Pradesh, Assam & Meghalaya, Orissa, Jharkhand, west Uttar Pradesh, coastal Andhra Pradesh, Rayalaseema and north interior Karnataka and at a few places over Gangetic West Bengal, Bihar, West Madhya Pradesh, Haryana, Chandigarh & Delhi, Punjab, east Rajasthan, madhya Maharashtra, Marathwada and Vidarbha. It was isolated over the rest regions of the country outside west Rajasthan, Saurashtra & Kutch and Lakshadweep where weather was mainly dry.

Zone-Wise Rainfall Forecast for Next Week

North & North-West India: [J&K, HP, Uttranchal, Punjab, Haryana, Delhi, West UP]

Due to ongoing interaction of existing Western Disturbance with the monsoon easterlies, scattered to fairly widespread rains are expected over the region during next 2-3 days.

East and NE India: [East UP, Bihar, Jharkhand, West Bengal, Orissa, NE states]

Scattered to fairly widespread rains with isolated heavy falls are likely over most parts of the region during next 2-3 days.

Central India: [MP, Chattisgarh, Vidarbha]

Under the influence of west-northwestward moving cyclonic circulation, Chattisgarh, Madhya Pradesh and Vidarbha are likely to receive fairly wide spread to widespread rains with isolated heavy falls during next 2-3 days.

South India: [TamilNadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadweep]

Coastal Andhra Pradesh, Telangana and coastal Karnataka are likely to receive fairly widespread rains during next 3 days. Scattered rains are expected over rest areas except over south Tamilnadu where isolated rains are expected during next 3-4 days.

West India: [Maharashtra other than Vidarbha, Gujarat, Rajasthan]

Scattered to fairly widespread rains are expected over Konkan & Goa, madhya Maharastra and Gujarat; and scattered rains over rest areas except west Rajasthan where isolated rains are likely during next 3 days.

Source: (NCMRWF) GOI

Price movement of Guar seed and Gum at NCDEX *Vayda* Prices of guar in Rs/qt

Dates	Bikaner	Jodhpur	Guar Gum
06.08.05	1468.55	1475.15	3957.05
08.08.05	1478.7	1483.95	4003.45
09.08.05	1523.75	1522.1	4102.35
10.08.05	1560.2	1547.65	4174
11.08.05	1545.5	1530.35	4125.15
12.08.05	1529.5	1542.8	4123.75
13.08.05	1524.3	1520	4105.45
Change (Rs)	+55.75	+44.85	+148.4

Guar Seed futures prices at NCDEX

Dates	Aug. Futures		Sep. Futures		Oct. Futures	
	Open	Close	Open	Close	Open	Close
06.08.05	1515	1515	1546	1539	1565	1558
08.08.05	1525	1558	1542	1587	1562	1607
09.08.05	1562	1572	1590	1607	1611	1626
10.08.05	1577	1586	1610	1624	1630	1645
11.08.05	1584	1579	1630	1618	1649	1639
12.08.05	1587	1547	1622	1577	1641	1597
13.08.05	1541	1553	1570	1586	1601	1609

Guar Gum futures prices at NCDEX

Dates	Aug. Futures		Sep. Futures		Oct. Futures	
	Open	Close	Open	Close	Open	Close
06.08.05	3904	3898	4000	3999	4090	4085
08.08.05	3937	3994	4028	4098	4100	4186
09.08.05	4025	4025	4096	4133	4200	4218
10.08.05	4050	4073	4141	4187	4245	4275
11.08.05	4069	4054	4200	4164	4285	4255
12.08.05	4088	3962	4199	4075	4262	4169
13.08.05	3975	3970	4099	4087	4152	4185

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 September Contract

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

Stochastic: The stochastic is moving downward; %K line has crossed %D line from above and lying in neutral region, expecting further downward trade.

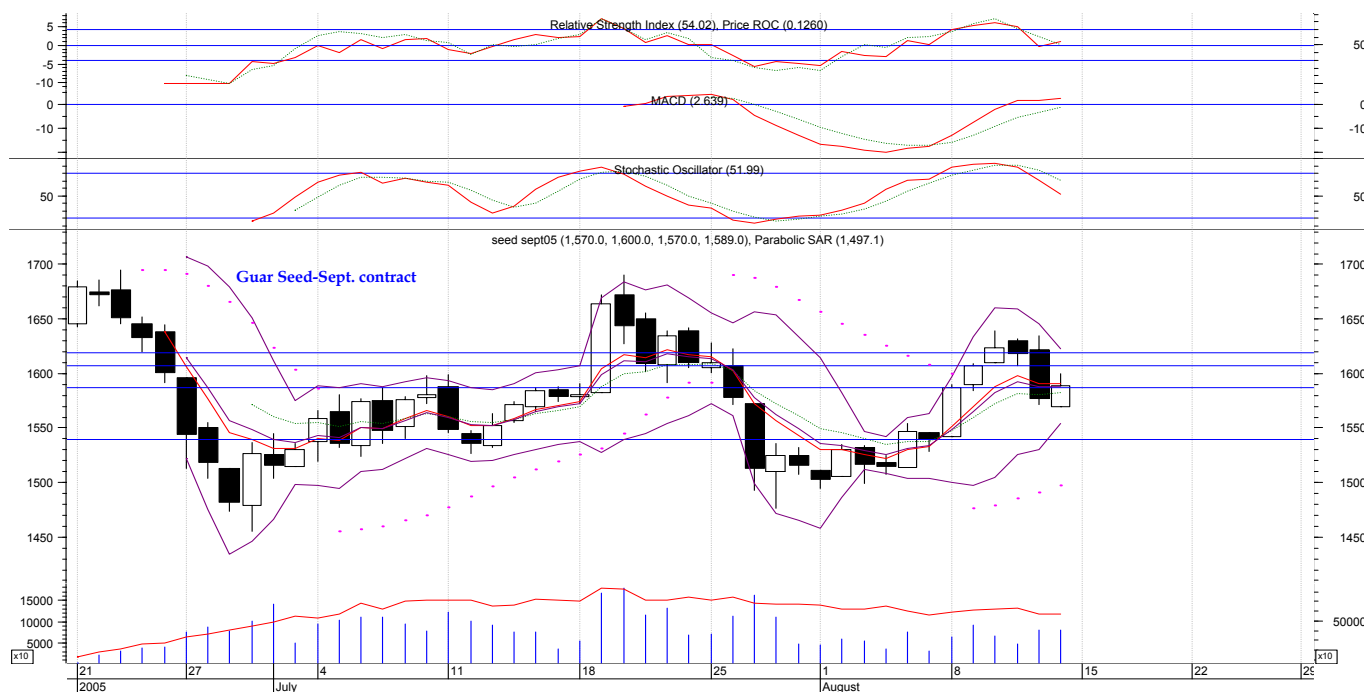
MACD: The MACD (5-day) is moving upward and lying above its EMA in positive zone, indicating towards slight firmness yet in the market prices.

Alignment pattern: The alignment pattern of moving averages is indicating towards marginal improvement in prices.

Guar seed future traded range bound during week and ended slightly higher than previous weekend's close. It is expected to open steady to weaker and trade range bound upward next day.

Market outlook:

- Guar seed prices are expected to open weaker/steady and trade downward initially and range upward later on during next week. The whole price movement will be governed by rainfall in Rajasthan and Haryana. (In case of good rains, prices may fall down). In fact good rains in guar areas and prices of guar seed will be inversely related as far as price movement is concerned during next week.



Commodity: Guar Gum
Perspective: Very Short Term
NCDEX September Contract

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

Stochastic: The stochastic has come down from overbought region and moving in neutral region, %K line is lying below the %D line, expecting further downward movement.

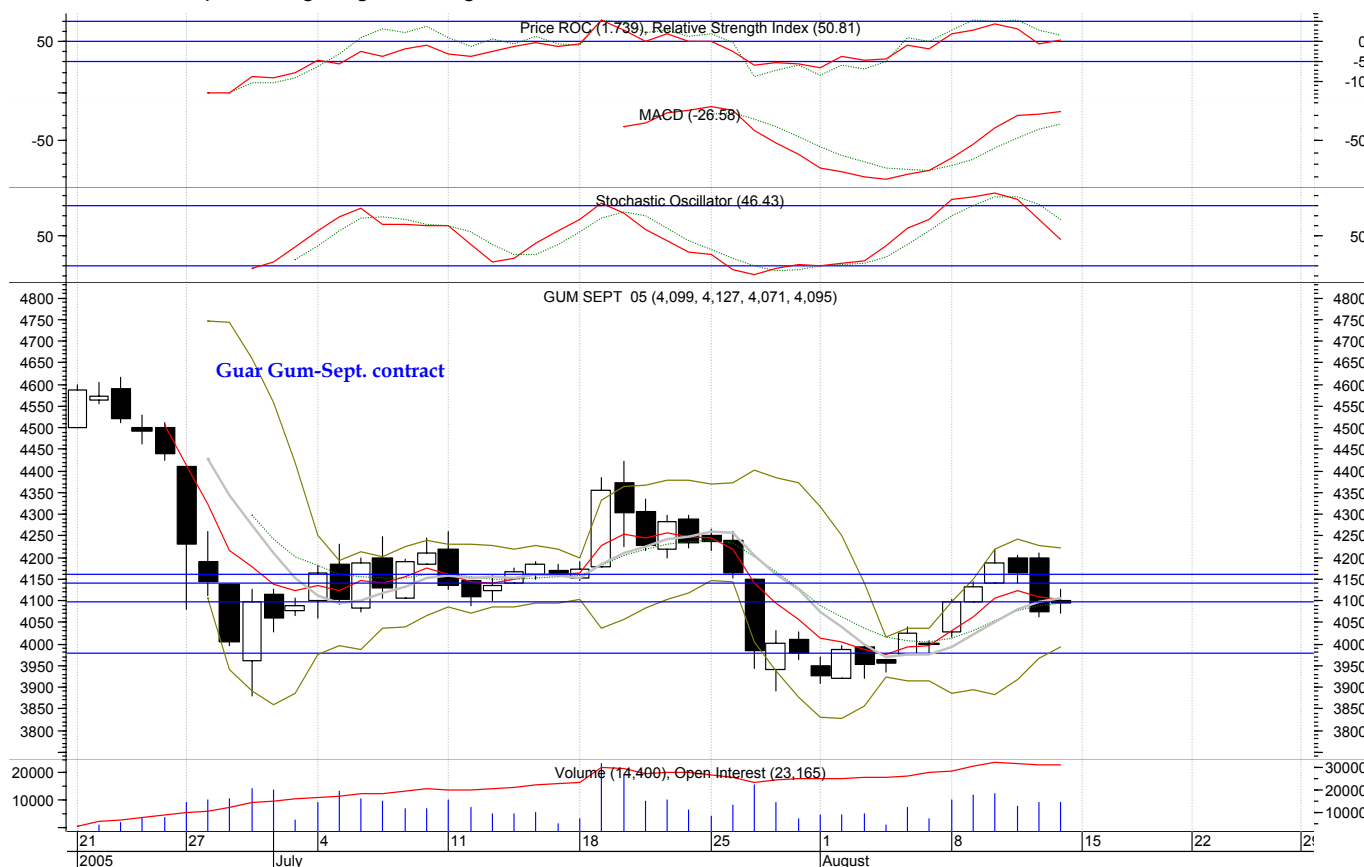
MACD: The MACD (5-day), is moving upward in negative zone, lying above its EMA hence expecting slightly higher movements in the prices of guar gum during next week.

Alignment pattern: The alignment pattern of moving average is hinting the price movement towards higher side.

Guar gum traded range bound and settled higher than last weekend's close. It is expected to open steady and trade marginally upward during next week.

Market outlook:

- Guar gum is expected to open weaker/steady and trade range bound downward initially, depending upon the rains, and upward later on during next week. Good rains in guar areas may lead a sharp fall in prices.



EXCHANGE RATE:

Country/Continent	Currency	Value in Rupees
USA	Dollar	43.59
European Union	Euro	54.22
United Kingdom	GBP	79.11
Japan	100 Yen	39.85

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