

GUAR SEED and GUAR GUM

Aug.01-06, 2005

MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Amid clear weather sometimes and cloudy on other days in Rajasthan, especially western Rajasthan, guar seed witnessed almost steady ground during this week. Prices of guar seed futures traded range bound in narrow range throughout the week as there was dilemma in the minds of traders regarding weather conditions particularly rainfall in guar areas. Guar prices in cash markets also did not witness much movement as markets are lacking the strength amid current weather conditions. Lack of buying support was observed in the markets. Supply of guar seed in ready markets seems to be almost negligible these days. Hence, the overall situation depicts a picture where the lack of demand as well as the supply together leads to almost steady prices in the markets. Bikaner line 98% whitish guar seed was asked between Rs.1525-1575 per quintal in Jodhpur market during the week. All other markets of guar seed also witnessed similar sentiments and prices were almost steady to marginally firm during the week.

The area under guar crop has been much better than previous year and the good guar crop is expected till now. But this is the time when areas of Haryana and Rajasthan kept under Guari, needs rain and lack of rain for next few days will affect the crop growth. Also the areas under guar, just sown in western Rajasthan will require rains in next 10 days. If there will not be sufficient rains during these days, market will show the tendency for upward movement.

WEEK AT A GLANCE

Prices of guar seed and gum witnessed a narrow range throughout the week, and finished marginally higher than previous weekend's close.

Mixed weather conditions were witnessed over western Rajasthan during whole week.

Western Rajasthan witnessed 3% above normal rainfall during the period **June 01-August 03** (last year it was 42% below normal).

Eastern Rajasthan witnessed 29% above normal rainfall during the above period (last year it was 37% below normal).

Gujarat witnessed 81% above normal rainfall during the same period (last year it was 8% above normal).

Cumulative Seasonal Rainfall in India (1st June to 3rd August, 2005): Rainfall was excess/normal in 31 and deficient/scanty in 5 out of 36 meteorological sub-divisions.

Rainfall was excess in 18, normal in 11, deficient in 2 and scanty in 1 district out of total 32 districts of **Rajasthan** for the period **01-06-05 to 03-08-05**.

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	
30.07.05	1445	1540	1510	1360(50)
06.08.05	1470	1550-75	1525-40	1380(75)
Change	+25	+35	+30	+20

Figures in parentheses are market arrivals.

Market Commentary on Guar Gum

Guar gum futures at NCDEX witnessed range bound trade in narrow range throughout the week and settled slightly higher than previous weekend's close. Cash markets did not witness any buying support from exporters or millers on the sentiments that good rains during coming weeks may push the prices downward. But except occasionally scattered rains in parts of Rajasthan, Haryana and Gujarat there was no good rains in Guar areas. Market is adopting wait and watch policy. If there are still no rains in coming few days, exporters and millers will also start their queries and that may support the prices of guar gum in coming days.

As far as the prices of guar gum in this week is concerned, that did not witness much fluctuation and in Jodhpur market, guar gum was available for around Rs.3875-4000 throughout the week though poor physical arrivals were witnessed in markets.

WEATHER WATCH

Forecast as on 8th August, 2005 for next 5 days

Weather Systems:

The upper air cyclonic circulation over Bangladesh and adjoining NE states is still persisting with extension upto 0.9 Km above sea level. A fresh upper air cyclonic circulation lies over northwest Bay of Bengal off Orissa-West Bengal coast between 4.5 & 6.0 Km above sea level. The monsoon trough has moved slightly to the north of its normal position

and lies close to foot hills of Himalayas. Under this scenario, rainfall activity is likely to continue over Northeastern States, West Bengal & Sikkim and Orissa during next 2 days, whereas the interior parts of peninsular India and adjoining Central India are going to experience subdued level of rainfall activity.

The trough in mid-latitude westerlies has moved north-north-eastwards as expected. Hence, rainfall activity is likely to decrease from plains of Punjab, Haryana and West Uttar Pradesh. during next 2-3 days.

Subsequently, the upper air cyclonic circulation over Bangladesh and neighbourhood is getting organized, giving rise to formation of a low pressure area by 10th August, 2005 over Orissa and adjoining NW Bay of Bengal. This will help in the revival of monsoon over the central and peninsular India. Under its influence, the rainfall activity over Orissa, Chhattisgarh, East Madhya Pradesh and parts of Jharkhand and Vidarbha is expected to enhance from 10th August, 2005 onwards.

The off-shore trough now runs from south Konkan to north Kerala coast and is likely to cause moderate rainfall with isolated heavy falls over Konkan & Goa and coastal Karnataka during next 2 days which may increase after 10 August, 2005 with the formation of Low pressure over Orissa and neighbourhood.

Zone-Wise Rainfall Forecast for Next Week

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

Rainfall activity is likely to recede from the plains of north and northwest India in 24 hours. However, fairly widespread activity is expected over J & K, Himachal Pradesh and Uttranchal for next 24-36 hours.

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

Orissa, parts of Jharkhand, West Bengal & Sikkim and NE states are likely to receive fairly widespread to widespread rains with isolated heavy falls during next 2 days. Subsequently, rainfall activity over NE states is likely to reduce. Isolated to scattered rainfall activity is likely over rest of the regions to continue during this period.

Central India [MP, Chattisgarh, Vidarbha]

Chattisgarh, Madhya Pradesh and Vidarbha are likely to receive scattered rains during next 2-3 days. Subsequently, rainfall activity likely to increase in these areas.

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

Coastal Karnataka, north Kerala and coastal Andhra Pradesh are likely to receive fairly widespread rainfall activity during next 2-3 days with isolated heavy falls. Rest areas of the region are likely to receive isolated to scattered rains during this period.

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

Konkan & Goa and parts of Madhya Maharashtra may receive fairly widespread rains with isolated heavy falls during next 2-3 days. Rest areas of the region are likely to receive isolated to scattered rains during this period.

Source: GOI

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

Dates	Bikaner	Jodhpur	Guar Gum
30.07.05	1436.15	1459.95	3918.45
01.08.05	1430.9	1447.6	3857.8
02.08.05	1455.1	1465.45	3910.1
03.08.05	1447.9	1457.85	3914.55
04.08.05	1439.1	1456	3895.85
05.08.05	1469.6	1483.1	4009.55
06.08.05	1468.55	1475.15	3957.05
Change (Rs)	+37.65	+27.55	+99.25

Guar Seed futures prices at NCDEX

Dates	Aug. Futures		Sep. Futures		Oct. Futures	
	Open	Close	Open	Close	Open	Close
30.07.05	1511	1496	1525	1516	1538	1531
01.08.05	1491	1483	1511	1503	1525	1517
02.08.05	1490	1507	1506	1530	1520	1546
03.08.05	1510	1494	1532	1517	1550	1532
04.08.05	1498	1492	1518	1515	1534	1530
05.08.05	1497	1518	1514	1547	1533	1565
06.08.05	1515	1515	1546	1539	1565	1558

Guar Gum futures prices at NCDEX

Dates	Aug. Futures		Sep. Futures		Oct. Futures	
	Open	Close	Open	Close	Open	Close
30.07.05	3910	3892	4010	3979	4090	4058
01.08.05	3875	3842	3950	3926	4033	4006
02.08.05	3864	3902	3920	3988	4012	4065
03.08.05	3901	3863	3992	3953	4054	4033
04.08.05	3894	3866	3963	3956	4047	4034
05.08.05	3890	3930	3975	4025	4053	4105
06.08.05	3904	3898	4000	3999	4090	4085

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 steady opening and range bound trade for next trading day.

Stochastic: The stochastic is moving upward, %K line is lying above the %D line though slightly flattened, but indicating the strength in prices.

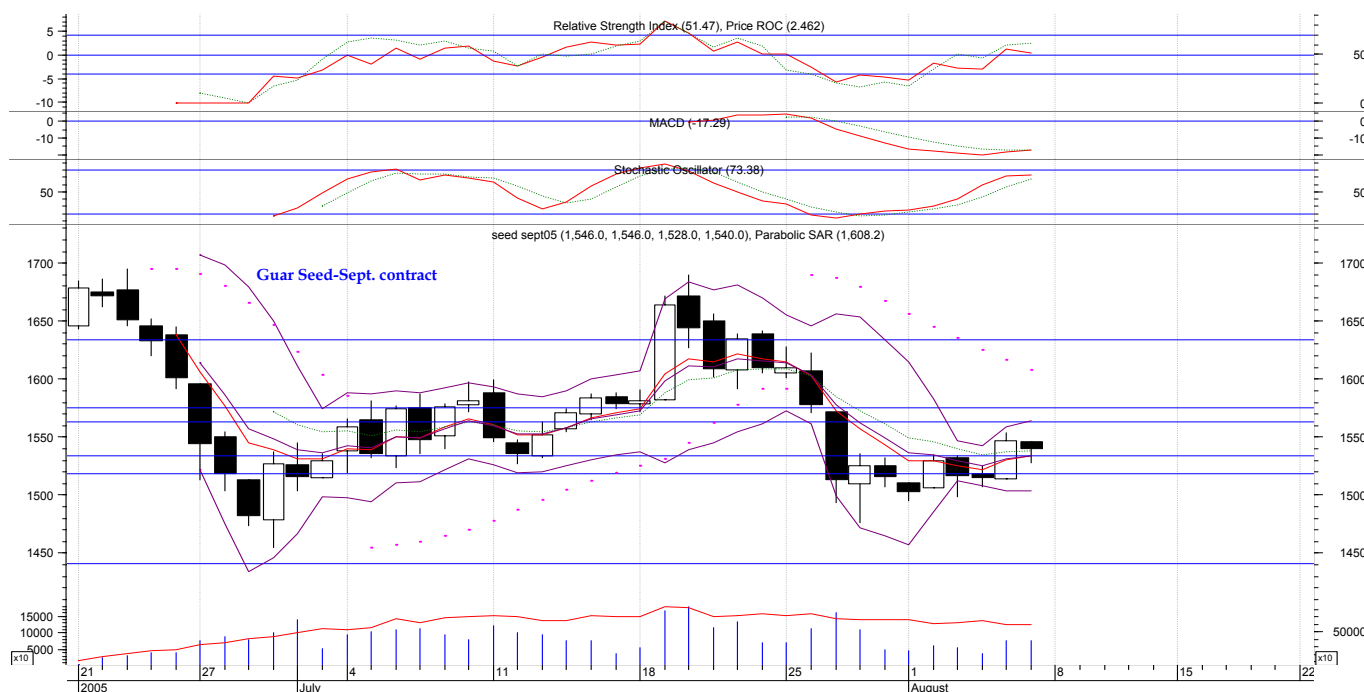
MACD: The MACD (5-day) is moving upward, lying below its EMA, indicating towards upward movements.

Alignment pattern: The alignment pattern of moving averages is giving slight hint of upward movement in the prices.

Guar seed future traded range bound and ended the week at higher ground. It is expected to open steady and trade range bound upward initially and downward later on during next week.

Market outlook:

- Guar seed prices are expected to open firm/steady and trade range bound upward during first half of the week and downward during later half. Still everything depends on rains in guar areas.



Commodity: Guar Gum**Perspective: Very Short Term****NCDEX September Contract****Candlestick:** Formation of Candlestick pattern is indicating towards steady opening and range bound trade next day.**Stochastic:** The stochastic is moving upward, %K is lying above %D line and indicating towards upward moves.**MACD:** The MACD (5-day), is moving upward in negative zone and about to cross its EMA from below, hinting the emerging firmness in the market.**Alignment pattern:** The alignment pattern of moving average though not giving any clear-cut signal but slightly hinting towards higher moves next few days.

Guar gum traded range bound through out the week and finished higher than previous weekend's close. It is expected to open steady and trade range bound upward initially and downward later on during next week.

Market outlook:

- Guar gum is expected to open steady/firm and trade upward during first half of the week and downward during later half of the next week. Watchfulness regarding rains in Rajasthan and Haryana is important regarding price movement.

**EXCHANGE RATE:**

Country/Continent	Currency	Value in Rupees
USA	Dollar	43.49
European Union	Euro	53.61
United Kingdom	GBP	77.35
China	Yuan	5.36
Japan	100 Yen	38.88

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