

## GUAR SEED and GUAR GUM

Aug.22-27, 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Guar seed and gum flew high
- Guar vayda soared

### MARKET COMMENTARY OF MAJOR MARKETS

Guar seed futures continued showing glimpses of its hot nature during the week when it witnessed huge upward shift amid lack of sufficient rains in western Rajasthan, the main guar-growing region in the world. Purely speculative trade was observed in this week and in the anticipation of poor crop this year, the guar seed prices spurted and reached to sky. Good demand from stockists put the fuel to this situation. Bikaner line 98% whitish guar seed was asked between Rs.1900-2100 per quintal throughout the week in Jodhpur market. The price of guar seed crossed Rs.2000 per quintal in Bikaner market also this week. Arrivals of guar seed have increased considerably in all the cash markets at these higher prices.

As per various forecasts of government agencies like IMD and NCRMWF, there are no chances of revival of monsoon within next 4-5 days and even there is chance of withdrawal of monsoon from extreme southwest Rajasthan during next 4-5 days. Due to poor weather, extent of damage to the guar crops are increasing day by day. The estimated yield of guar crop is declining every day and has come to 35 lakh bags which, people were estimating more than 65 lakh bags around 20 days back. The market sentiments are firm enough and prices of guar seed may move further during next week. It is expected to make new high during next week and come down thereafter.

#### 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	
20.08.05	1650	1730	1690	1530(300)
27.08.05	2000	2025	2000	1830
Change	+350	+295	+310	+300

Figures in parentheses are market arrivals.

#### Market Commentary on Guar Gum

Guar gum futures at NCDEX flew high when the prices soared amid increased speculative buying interests. Cash markets also followed the same and moved towards clouds. Expectation of poor crop and therefore further higher movement in prices, increased the activities of stockists

and occasionally from gum exporters also which helped the prices to moved higher.

Guar gum traded in the range of Rs.5500-5700 per quintal in Jodhpur cash market during the week.

### WEATHER WATCH

#### Forecast for next 5 days

##### Weather Systems:

The South-west monsoon continues to be in **BREAK PHASE** with seasonal monsoon trough lying close to the foothills of Himalayas. During last 24 hours, monsoon rainfall activity remained subdued over most parts of the country.

Yesterday's upper air cyclonic circulation over Lakshadweep area persists. The upper air cyclonic circulation over south Interior Karnataka and neighbourhood now lies over southeast Tamil Nadu and adjoining southwest Bay of Bengal. These systems likely to cause moderate rainfall activity over south peninsular India during next two days.

The predictions suggest **no possibility of revival of monsoon flow** and hence no large change in the situation during next 3-4 days. The rainfall activity is expected to confine to northeastern States, Sub-Himalayan West Bengal & Sikkim, South peninsular India with sub-due rainfall activity over rest regions of the country during next 3-4 days.

The anti-cyclonic circulation at 3.1 km above mean sea level over NW India is likely to persist for next 4-5 days. Under its influence, the region is likely to witness mainly dry weather situation. Conditions are therefore conducive for **withdrawal of South-west Monsoon from extreme West Rajasthan** during next 4-5 days.

#### Zone-Wise Rainfall Forecast for Next Week

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

Mainly dry weather is likely to prevail over most parts of the region.

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

Scattered rainfall activity is likely to continue over Sub-Himalayan West Bengal & Sikkim, and NE States during

next 3 days. Isolated rains are likely over rest areas of the region.

**Central India:** [ MP, Chattisgarh, Vidarbha]

Isolated rainfall activity is likely over the region for next 3-4 days except over West Madhya Pradesh where mainly dry weather is likely to prevail.

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

Isolated to scattered rainfall activity is expected over the region during next 4-5 days.

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

Konkan & Goa, Madhya Maharashtra, Marathwada are likely to experience isolated to scattered rains during next 3-4 days. Remaining parts of the region are expected to experience mainly dry weather during this period.

Source: GOI (NCMRWF& IMD)

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

Dates	Bikaner	Jodhpur	Guar Gum
20.08.05	1642.1	1604.7	4412.75
22.08.05	1747.75	1725.65	4756.25
23.08.05	1885.7	1865.5	5308.95
24.08.05	1837.5	1824.95	5156.75
25.08.05	1859.1	1836.15	5204.7
26.08.05	1847.5	1810.3	5115.95
27.08.05	2009.3	1941.65	5683.65
<b>Change (Rs)</b>	<b>+367.2</b>	<b>+336.95</b>	<b>+1270.9</b>

**Guar Seed futures prices at NCDEX**

Dates	Sep. Futures		Oct. Futures		Nov. Futures	
	Open	Close	Open	Close	Open	Close
20.08.05	1689	1706	1734	1758	-	-
22.08.05	1710	1859	1760	1913	1850	1954
23.08.05	1867	1916	1919	1970	1969	2005
24.08.05	1942	1936	1975	1995	2020	2035
25.08.05	1950	1907	2000	1968	2044	2007
26.08.05	1900	2016	1962	2085	1993	2128
27.08.05	2051	2103	2169	2189	2165	2238

**Guar Gum futures prices at NCDEX**

Dates	Sep. Futures		Oct. Futures		Nov. Futures	
	Open	Close	Open	Close	Open	Close
20.08.05	4427	4542	4545	4649	-	-
22.08.05	4590	5065	4679	5179	4950	5286
23.08.05	5150	5167	5249	5300	5349	5400
24.08.05	5199	5264	5411	5403	5460	5501
25.08.05	5270	5200	5450	5333	5550	5430
26.08.05	5151	5508	5275	5653	5400	5756
27.08.05	5648	5766	5820	5946	5890	6062

**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
	<b>Total</b>	<b>1,868.64</b>	<b>1467.97</b>		

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 October Contract**

**Candlestick:** Formation of Candlestick pattern is indicating towards firm opening and range bound trade on the starting of the next week.

**Stochastic:** The stochastic is moving towards higher side in overbought region; % -K line is lying above % -D line, hinting slight firmness in short term but downward technical correction may take place soon.

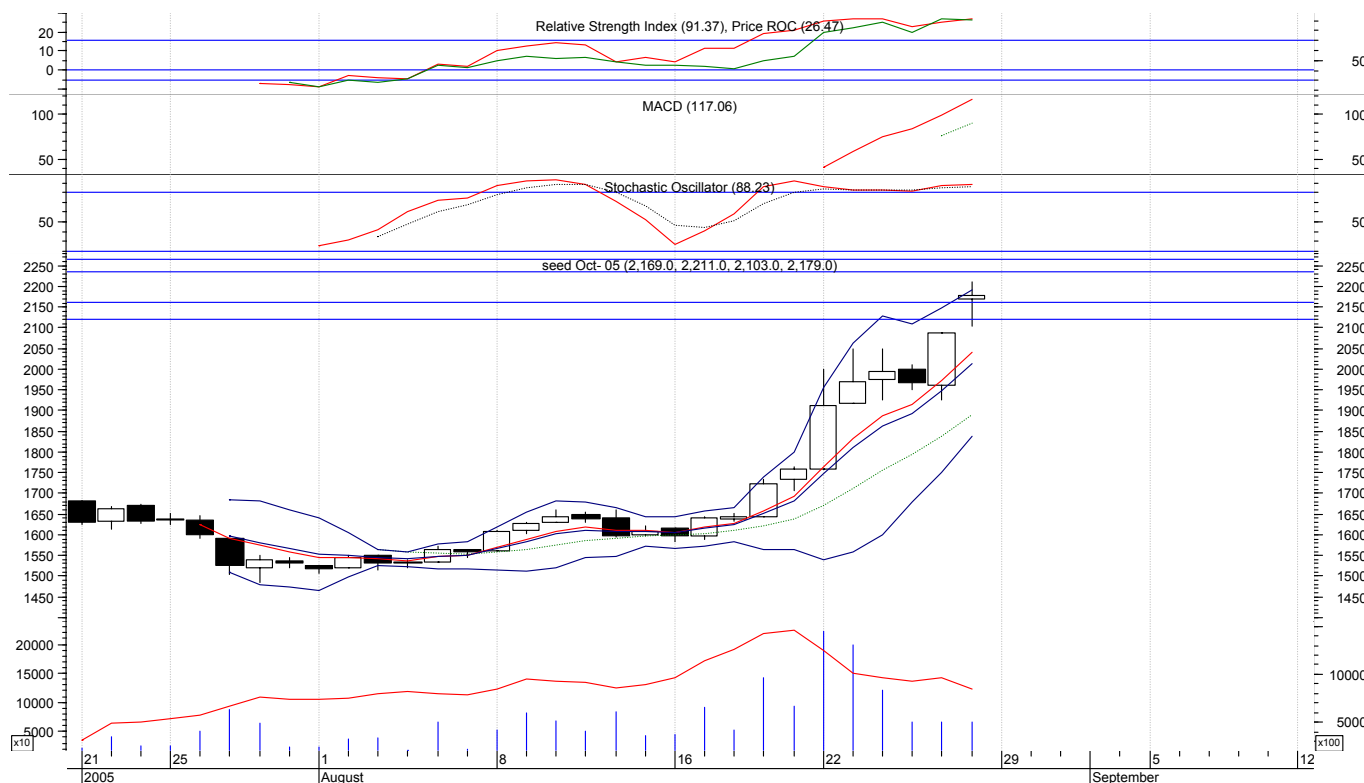
**MACD:** The MACD (5-day) is moving upward above its EMA in positive zone, expecting further higher moves.

**Alignment pattern:** The alignment pattern of moving averages is indicating the upward market tomorrow.

Guar seed future traded steep upward and ended firm. It is expected to open firm and trade range bound upward next week.

### Market outlook:

- Guar seed prices are expected to open firm and trade range bound upward initially and may come down towards the weekend. Though the weather conditions are still poor and dry weather is prevailing in western Rajasthan and Haryana that is supporting the upward moves but overall, prices are expected to reach to higher limits during this week and may come down thereafter.



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

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

**Stochastic:** The stochastic is turning towards higher side once again in the overbought zone, % -K line is lying above the % -D line and expecting further firmness.

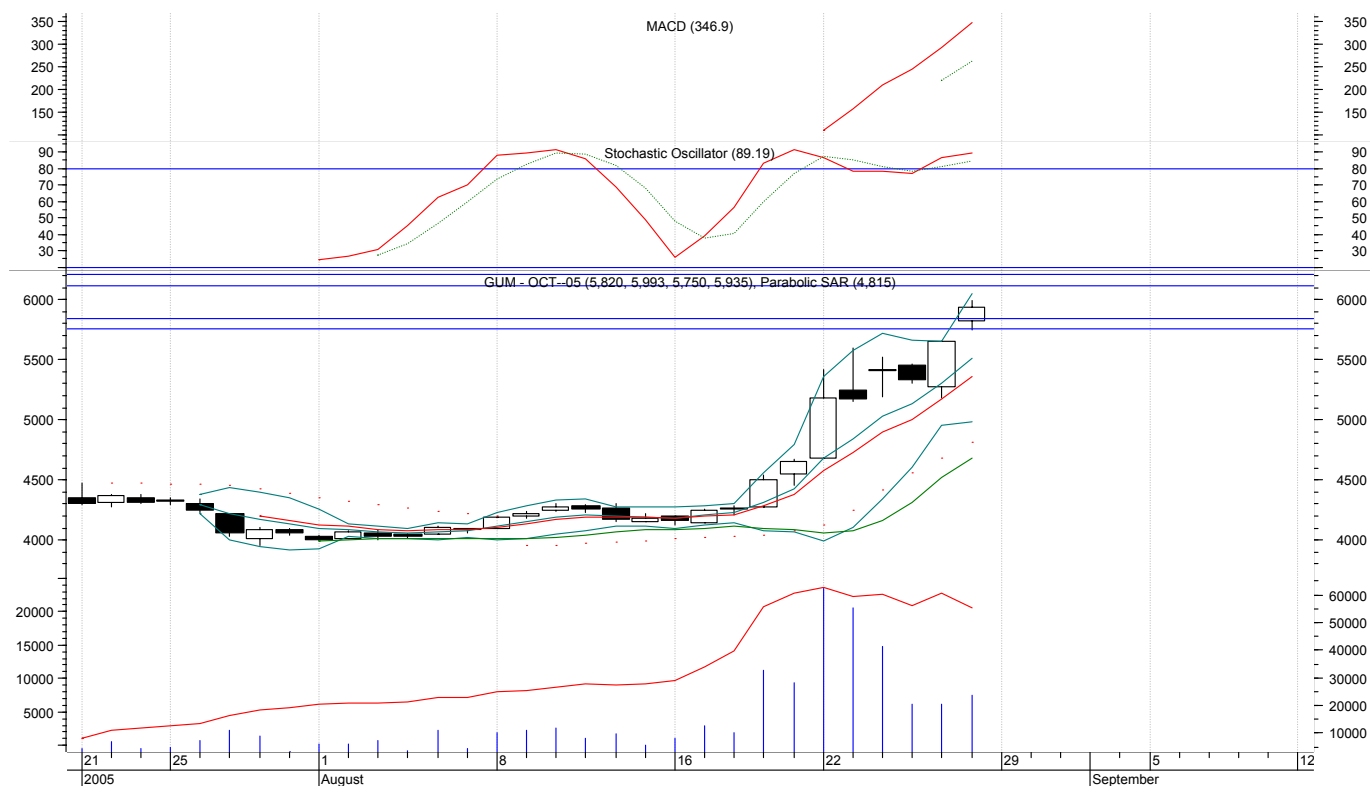
**MACD:** The MACD (5-day), is moving upward and lying above its EMA, expecting towards higher prices.

**Alignment pattern:** The alignment pattern of moving average is hinting the firmness in market prices.

Guar gum traded steep upward and finished higher. It is expected to open firm and trade range bound upward next week.

### Market outlook:

- Guar gum is expected to open firm and trade range bound upward, reach to peak and come down later on towards the weekend. Overall, large fluctuation is expected during coming week.



#### EXCHANGE RATE:

Country/Continent	Currency	Value in Rupees
USA	Dollar	43.62
European Union	Euro	53.62
United Kingdom	GBP	78.53
Japan	100 Yen	39.58

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