

GUAR SEED and GUAR GUM

July 25-30, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Guar seed and gum traded downward
- Guar vayda settled much lower

MARKET COMMENTARY OF MAJOR MARKETS

Rains in parts of western Rajasthan and cloudy weather in remaining parts were the key factors that dragged the prices of guar seed futures at NCDEX steep downward almost whole week and ended at much lower level. Physical markets were lacking the arrivals and buyers were not getting the matching supply. Though the buyers are also not asking any good quantity as they are in dilemma regarding price movement in future. This situation arose because of the current weather condition prevailing in the western parts of Rajasthan that are main guar growing area and will be major deciding factor in price movement. If the rains are good enough for guar sowing in these areas, prices are bound to fall. But one point is to be noticed is that, at these prices, physical arrivals are almost negligible and sellers are absent from the cash markets.

As far as prices of guar seed in cash markets is concerned, it followed the futures and fell down. Bikaner line 98% whitish guar seed was asked between Rs.1525-1625 per quintal in Jodhpur market during the week. All other markets of guar seed also witnessed similar sentiments and prices fell down through out the week.

The sowing of guar seed is due in coming days and good rains in coming days will favour the good sowing in western Rajasthan and on the other hand no or poor rains will result in to poor seeding which in turn lead to high speculation thereafter.

WEEK AT A GLANCE

Steep downfall was witnessed in the prices of guar seed and gum throughout the week, which finished much lower than previous weekend's close.

Cloudy weather was persisting over western Rajasthan during whole week.

Western Rajasthan witnessed 18% below normal rainfall during the period **June1-July27** (last year it was 63% below normal).

Eastern Rajasthan witnessed 10% above normal rainfall during the above period (last year it was 58% below normal).

Gujarat witnessed 58% above normal rainfall during the same period (last year it was 41% below normal).

Cumulative Seasonal Rainfall in India (1st June to 27th July, 2005) : Rainfall was excess/normal in 18 and deficient/scanty in 18 out of 36 meteorological sub-divisions.

Rainfall was excess in 11, normal in 6, deficient in 14 and scanty in 1 district out of total 32 districts of Rajasthan for the period 01-06-05 to 27-07-05.

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 | |
| 23.07.05 | 1530-40 | 1625 | 1600 | 1365-70 |
| 30.07.05 | 1445 | 1540 | 1510 | 1360(50) |
| Change | -95 | -85 | -90 | -10 |

Figures in parentheses are market arrivals.

Market Commentary on Guar Gum

Guar gum futures at NCDEX traded steep downward almost throughout the week amid rains in western Rajasthan and finally rested at much lower ground at the weekend. Cash markets also followed the futures and witnessed downward trade for whole week. Cash markets also followed the futures and traded behind it throughout the week. In Jodhpur market, guar gum was available for around Rs.4200 per quintal initially on starting of the week but came down to 3900 per quintal during the weekend. Physical arrivals were very poor throughout the week.

WEATHER WATCH

Forecast as on 1st August, 2005 for next 5 days

Weather Systems:

Monsoon rainfall activity remained very good over most parts of Central and Peninsular India during the week leading to heavy to very heavy rainfall at a few places over Konkan & Goa and Coastal Karnataka on many days of the week; over Telangana, Madhya Maharashtra, Marathwada, South Interior Karnataka on some days of the week and over East Uttar Pradesh, southwest Madhya Pradesh, Uttaranchal, Coastal Andhra Pradesh and Tripura on 1-2 days of the week. All India weekly rainfall distribution was 1% above normal during the week and cumulative seasonal rainfall till 27th July, 2005 was 2% above normal of the seasonal quantum of rainfall. The All India rainfall for

the period 1 June-27 July has gone up from 0% last week to 2% above normal during this week.

Monsoon Outlook for Next Week

Yesterday's deep depression over Jharsuguda of Orissa has moved in a west-north- westward direction and weakened into a well marked Low pressure Area over Central Madhya Pradesh close to Sagar. It is likely to weaken further and move in a west-northwesterly direction.

Due to strong monsoon flow across peninsular India, an off shore trough runs from Konkan & Goa to Kerala coasts. As the monsoon is likely to remain strong for another 3-4 days, the above trough may persist throughout this period leading to widespread rains with isolated heavy to very heavy fall along Konkan & Goa coast.

Models predictions suggest that another low pressure area is expected to form over northwest Bay of Bengal by 5th August 2005. Under the influence of above system, Central India, North Peninsular India, Gujarat and North Konkan & Goa are likely to receive fairly wide spread to wide spread rainfall with isolated heavy to very heavy rains during next 48 hours. The rainfall activity over these areas is expected to reduce thereafter.

Rainfall activity over eastern states viz. Orissa and Gangetic West Bengal may reduce but increase again after the formation of a fresh low pressure are around 5th August.

Zone-Wise Rainfall Forecast for Next Week

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

Scattered rainfall is likely over the region during next 3-4 days.

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

Scattered to fairly widespread rainfall is likely over entire region during next 3-4 days. Orissa, Gangetic West Bengal and Jharkhand are likely to receive wide spread rains with possible formation of low pressure area around 5th August 05.

Central India [MP, Chattisgarh, Vidarbha]

Well Marked low pressure area over Central Madhya Pradesh is likely to further move in a west-northwestward direction. With this movement of the system, Chattisgarh, East and West Madhya Pradesh and Vidarbha are likely to receive fairly widespread rains during next 3-4 days. The activity over Chhattisgarh and Madhya Pradesh may increase after 5th August,2005.

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

Coastal Karnataka, Kerala and Andaman & Nicobar Islands are likely to receive fairly widespread rainfall activity during next 2-3 days. 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, Gujarat, South East Rajasthan, Madhya Maharastra and Marathwada are likely to receive widespread rainfall activity with isolated heavy to very heavy amounts of rains during next 48 hours. The heavy rainfall activity is expected to reduce thereafter. Scattered rainfall is also likely over remaining parts of Rajasthan during next 2-3 days.

Source: GOI

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

| Dates | Bikaner | Jodhpur | Guar Gum |
|--------------------|---------|---------|----------|
| 23.07.05 | 1531.1 | 1537.65 | 4187.65 |
| 25.07.05 | 1528.8 | 1530.25 | 4187.8 |
| 26.07.05 | 1521 | 1526.5 | 4163.7 |
| 27.07.05 | - | 1468.65 | 3950 |
| 29.07.05 | 1428.8 | 1451.6 | 3882.95 |
| 30.07.05 | 1436.15 | 1459.95 | 3918.45 |
| Change (Rs) | -94.95 | -77.7 | -269.2 |

Guar Seed futures prices at NCDEX

| Dates | Aug. Futures | | Sep. Futures | | Oct. Futures | |
|----------|--------------|-------|--------------|-------|--------------|-------|
| | Open | Close | Open | Close | Open | Close |
| 23.07.05 | 1611 | 1585 | 1639 | 1610 | 1672 | 1632 |
| 25.07.05 | 1590 | 1583 | 1605 | 1610 | 1635 | 1635 |
| 26.07.05 | 1581 | 1555 | 1607 | 1578 | 1635 | 1599 |
| 27.07.05 | 1550 | 1495 | 1572 | 1513 | 1592 | 1526 |
| 29.07.05 | 1486 | 1505 | 1510 | 1525 | 1520 | 1540 |
| 30.07.05 | 1511 | 1496 | 1525 | 1516 | 1538 | 1531 |

Guar Gum futures prices at NCDEX

| Dates | Aug. Futures | | Sep. Futures | | Oct. Futures | |
|----------|--------------|-------|--------------|-------|--------------|-------|
| | Open | Close | Open | Close | Open | Close |
| 23.07.05 | 4200 | 4153 | 4288 | 4233 | 4352 | 4314 |
| 25.07.05 | 4150 | 4151 | 4250 | 4237 | 4320 | 4320 |
| 26.07.05 | 4141 | 4079 | 4240 | 4164 | 4300 | 4243 |
| 27.07.05 | 4062 | 3897 | 4150 | 3983 | 4223 | 4060 |
| 29.07.05 | 3862 | 3904 | 3940 | 4001 | 4015 | 4082 |
| 30.07.05 | 3910 | 3892 | 4010 | 3979 | 4090 | 4058 |

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 | | |

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term

NCDEX August Contract

Candlestick:

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

Stochastic:

The stochastic has crossed the oversold line, %K has crossed %D line and moving in neutral region, indicating towards change in the direction i.e., prices may move upward now onwards.

MACD:

The MACD (5-day) is moving downward, lying below its EMA and still hinting weakness in the market.

Alignment pattern:

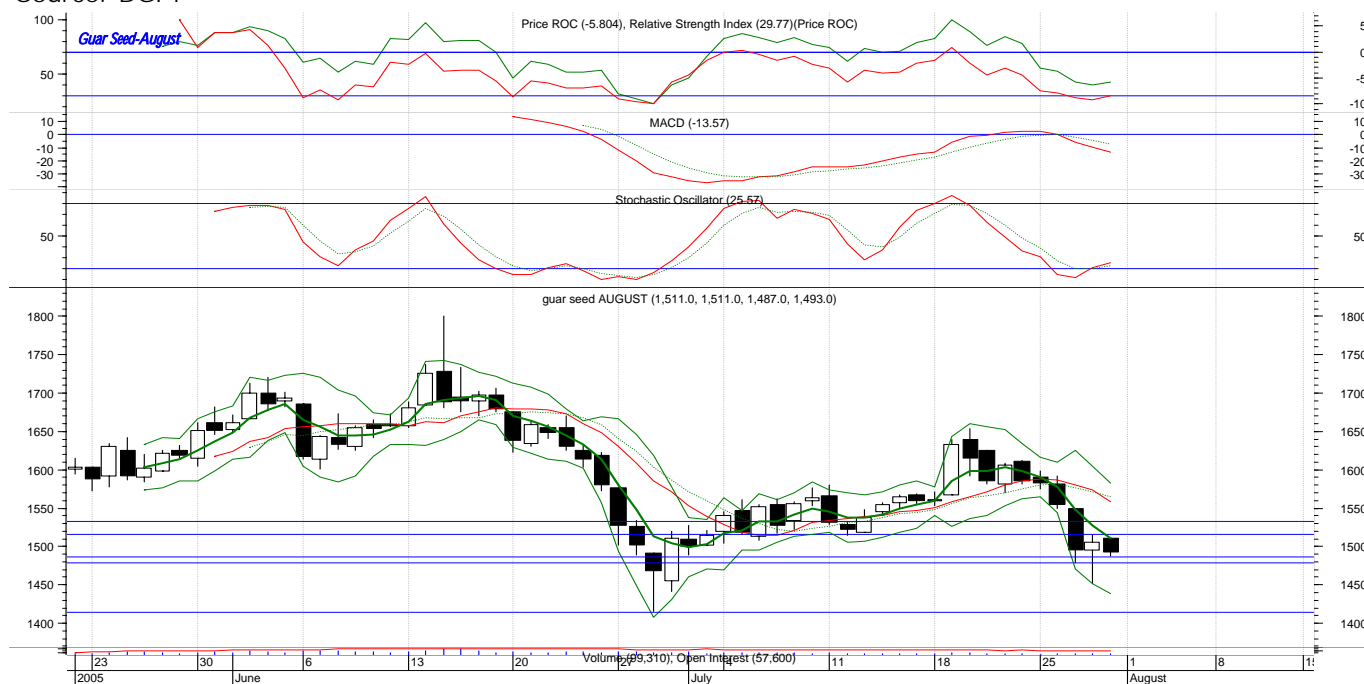
The alignment pattern of moving averages is indicating downward movement in the prices.

Guar seed future traded steep downward and closed much lower at the weekend. It is expected to open steady and trade range bound upward next week.

Market outlook:

- Guar seed prices are expected to open steady/weaker (depending upon the rains in Rajasthan during Sunday or Monday morning) and trade range bound initially but steady upward thereafter during next week. Only a good rains in western Rajasthan may lead to slightly negative sentiments initially and prices may take a temporary downward move but after that it has to take technical correction towards higher side.

Source: DGFT



Commodity: Guar Gum
Perspective: Very Short Term
NCDEX August Contract
Candlestick:

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

Stochastic:

The stochastic is moving in oversold region, %K line has crossed %D line from below and moving upward in oversold region, expecting technical correction along with strength in the market.

MACD:

The MACD (5-day), has cut its EMA from above and moving downward, still not hinting towards upward movement.

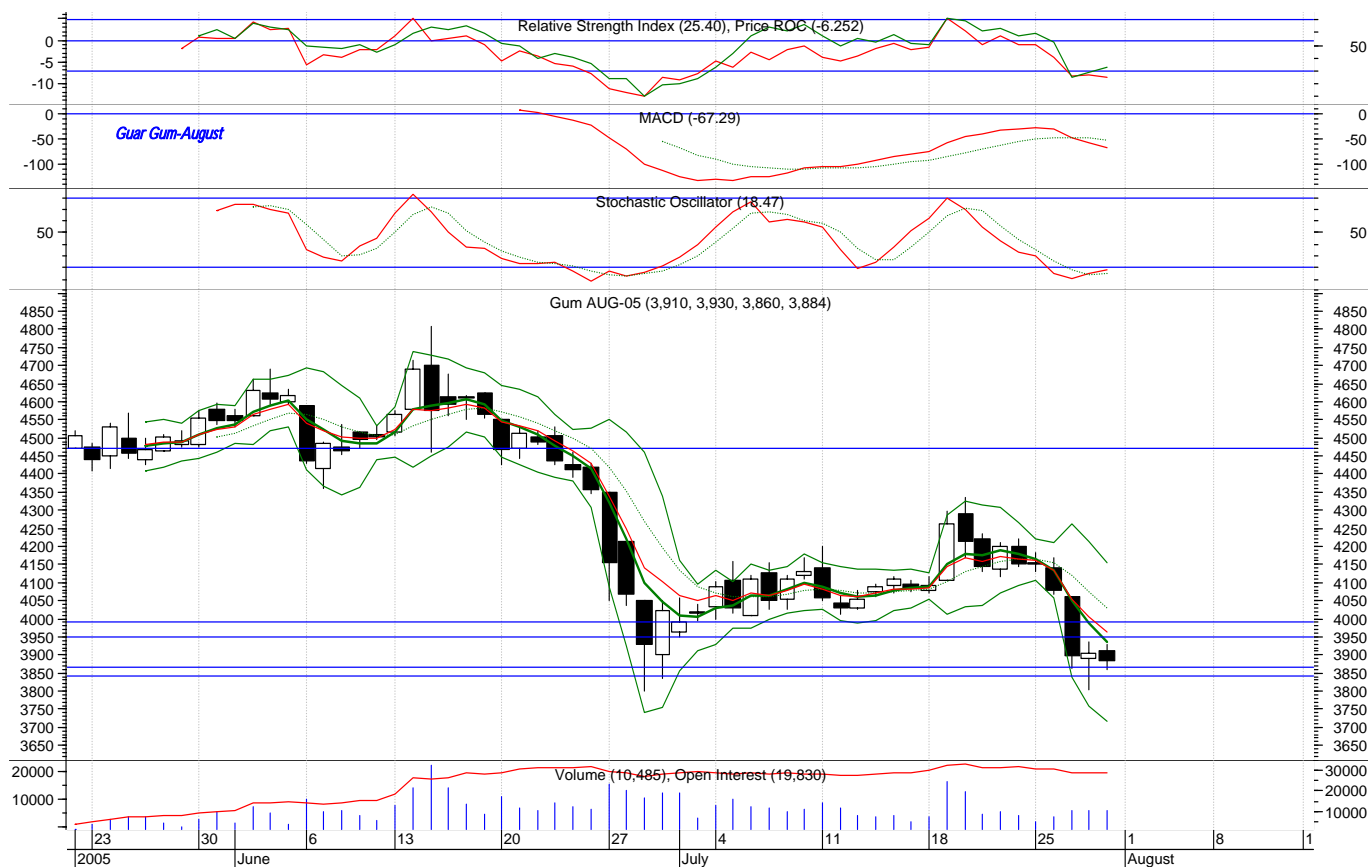
Alignment pattern:

The alignment pattern of moving is indicating downward moves yet.

Guar gum witnessed steep downward trade and finished much lower at the end of the week. It is expected to open steady and trade range bound upward during next week.

Market outlook:

- Guar gum is expected to open steady/weaker and trade upward with range bound movements during next week. The only threat to upward move is good rains in western Rajasthan during next 2-3 days which may lead the prices to fall slightly initially but has to move upward thereafter.



EXCHANGE RATE:

| Country/Continent | Currency | Value in Rupees |
|-------------------|----------|-----------------|
| USA | Dollar | 43.44 |
| European Union | Euro | 52.66 |
| United Kingdom | GBP | 76.36 |
| Japan | 100 Yen | 38.61 |

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