

GUAR SEED and GUAR GUM

September 05-12, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Guar Seed and Gum Traded Bearishly in this Week
- Guar Futures Remained Weak on Weather Concerns

MARKET COMMENTARY OF MAJOR MARKETS

The guar seed futures witnessed a highly bearish sentiment throughout the week and wiped away previous week's advances. The guar seed futures finished the week at a much lower ground. The guar physical markets also followed the same trend and slid continuously amidst rains in Rajasthan and Gujarat. Speculative led selling was observed throughout the week on a better than expected lower crop in this year. The Bikaner line 98% whitish guar seed was traded between Rs 1750-2075 per quintal in this week in Jodhpur market. The guar seed prices in Bikaner market went down through Rs 2000 per quintal level and traded at Rs 1700 per quintal at the weekend.

As per various forecasts of government agencies like IMD and NCRMWF, western disturbance in the form of a cyclonic circulation over Punjab and adjoining north Rajasthan has become less marked and is likely to move away within next 24 hours. This may cause decrease in rainfall activity over North-west India. However, due to the rainfall in the major growing regions in the last week the estimated yield of guar crop is likely to be around 45-50 lakh bags. The anticipated yield level was 35 lakh bags a week earlier. The market sentiments are bearish enough and the prices of guar seed may move further downwards in the next week. However, the guar prices are likely to recover from the mid-week on an upward correction.

Spot Market Prices of Guar in Main Markets of Rajasthan (Prices in Rs/qt)

Date	Bikaner	Jodhpur		Nokha
		B line	M line	
03.09.05	2000	2075	2050	1925
10.09.05	1700	1750	1725	1550
Change	-300	-325	-325	-375

Market Commentary on Guar Gum

The guar gum futures at the NCDEX failed to extend previous week's advances and traded weakly in this week. Amidst rains in guar growing regions the guar gum prices went down significantly on speculative selling in the futures market. The physical markets also followed suit. Anticipation of a better than expected lower crop underpinned the downward movement of guar gum prices.

At the physical markets guar gum was traded at the lower side of the range of Rs 4750-5700 per quintal in Jodhpur market during this week.

WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Monsoon Outlook

Fairly wide spread with isolated Heavy rainfall has occurred over Konkan & Goa, coastal Orissa, Coastal Andhra Pradesh, Telangana, Coastal Karnataka, Kerala, Gujarat State and Parts of Madhya Pradesh.

The western disturbance in the form of a cyclonic circulation over Punjab and adjoining north Rajasthan has become less marked and is likely to move away within next 24 hours. This may cause decrease in rainfall activity over North-west India.

Yesterday's upper air cyclonic circulation over west central & adjoining northwest Bay of Bengal off Orissa coast, concentrated into a low pressure area. It is likely to become well marked and move in a north-westerly direction. The other upper air cyclonic circulation over south Gujarat coast and adjoining Konkan & Goa persists. The offshore trough at sea level extending from Gujarat to south Konkan & Goa coasts also persists.

With the northwestward movement of the low pressure area and the persistence of upper air cyclonic circulation over Gujarat, the monsoon rainfall activity is expected to be concentrated over Central and North Peninsular India during next 3-4 days. Fairly wide spread to widespread rain with heavy to very heavy falls are likely over coastal Orissa, north Coastal Andhra Pradesh, Chattisgarh, East Madhya Pradesh, Gujarat, Konkan & Goa, Madhya Maharashtra and Gangetic West Bengal during this period.

NORTH & NORTH-WEST INDIA [J&K, HP, UTTANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

The western disturbance over Punjab & adjoining areas is likely to move away in northeastward direction during next 24 Hrs. The regions may receive isolated to scattered rainfall during next 24 Hrs and the activity may further reduce thereafter.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Scattered to Fairly widespread rainfall activity is expected over the region during next 3 days. Coastal Karnataka and Coastal Andhra Pradesh are likely to receive isolated heavy rainfall during the period.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Chattisgarh and East Madhya Pradesh are expected to receive fairly widespread to widespread rains with isolated heavy to very heavy falls and remaining parts of the region, scattered rains during next 2 days. Thereafter these areas of the region are also likely to get fairly widespread rains.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Konkan & Goa, Madhya Maharashtra, Marathwada, Gujarat, southeast Rajasthan are likely to experience fairly widespread rains during next 3-4 days. Konkan & Goa and Gujarat are likely to receive isolated heavy to very heavy rainfall during this period. Remaining parts of the region are expected to experience isolated to scattered rains during this period. Partly Cloudy sky. Day temperature will be around 36 deg C.

Source: GOI (NCMRWF& IMD)

Price Movement of Guar Seed and Gum at NCDEX *Vayda* Prices of guar in Rs/qt

Dates	Bikaner	Jodhpur	Guar Gum
03.09.05	2057.50	2012.00	5865.95
05.09.05	1879.40	1867.20	5394.15
06.09.05	1855.50	1830.80	5293.80
07.09.05	Closed	Closed	Closed
08.09.05	1827.95	1791.25	5156.10
09.09.05	1700.40	1677.45	4817.95
10.09.05	1680.75	1648.15	4672.05
Change (Rs)	-376.75	-363.85	-1193.90

Guar Seed Futures Prices at NCDEX

Dates	Sep. Futures		Oct. Futures		Nov. Futures	
	Open	Close	Open	Close	Open	Close
03.09.05	2175	2048	2278	2146	2305	2225
05.09.05	2000	1926	2091	2018	2359	2092
06.09.05	1926	1946	2018	2045	2180	2126
07.09.05	Close d	Close d	Close d	Close d	Close d	Close d
08.09.05	1911	1832	2010	1923	2110	1999
09.09.05	1799	1723	1877	1808	1980	1880
10.09.05	1700	1699	1760	1768	1821	1828

Guar Gum futures prices at NCDEX

Dates	Sep. Futures		Oct. Futures		Nov. Futures	
	Open	Close	Open	Close	Open	Close
03.09.05	6075	5715	6320	5904	6440	6032
05.09.05	5600	5495	5805	5672	5928	5795
06.09.05	5445	5428	5545	5628	5671	5757
07.09.05	Close d	Close d	Close d	Close d	Close d	Close d
08.09.05	5166	5108	5541	5295	5700	5417
09.09.05	5000	4867	5255	4978	5320	5195
10.09.05	4601	4588	4940	4741	4805	4867

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	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 October Contract

Candlestick: Formation of Candlestick pattern is showing a weak opening and range bound downward trade in the first couple of days.

Stochastic: The stochastic is moving downwards in the oversold region; % -K line is lying below % -D line, showing weakness in the short-term, but upward correction is likely in the mid-week.

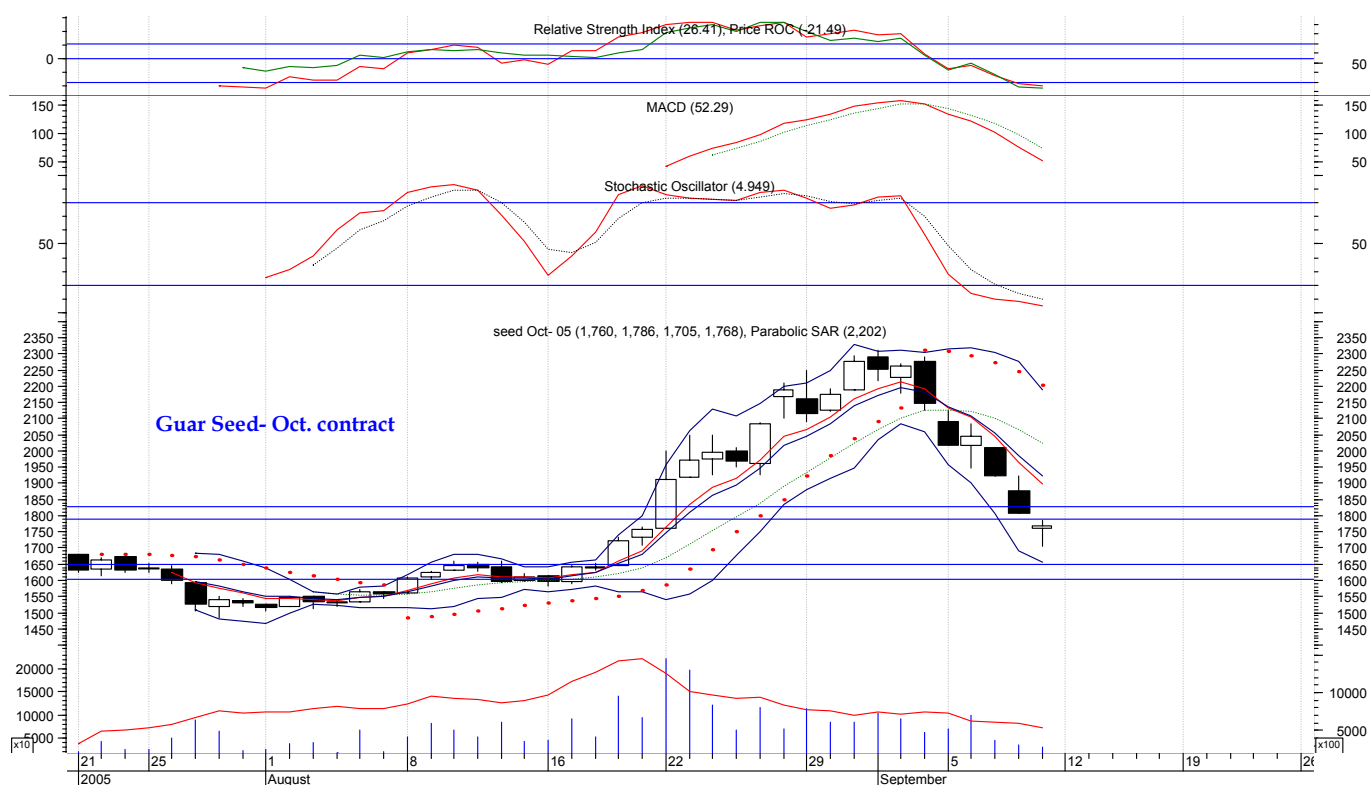
MACD: The MACD (5-day) is moving downwards below its EMA in positive zone, indicating further weakness.

Alignment pattern: The alignment pattern of moving averages is showing weakness in the coming 1-2 days.

Guar seed futures are expected to remain weak in the coming 1-2 days but likely to consolidate and traded range bound upward in the mid-week.

Market outlook:

Guar seed prices are expected to open weak and trade range bound downward initially and may went up towards the weekend. Though cloudy weather is still prevailing in western Rajasthan and Haryana that is supporting the downward moves but overall, prices are expected to retraced back from the mid-week on a likely upward correction.



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

Candlestick: Formation of Candlestick pattern is indicating towards weak opening and range bound downward trade on first couple of days.

Stochastic: The stochastic is moving downwards in the oversold region, % -K line is lying below the % -D line and expecting further weakness. However, it is also showing a possibility of an upward correction in the coming days.

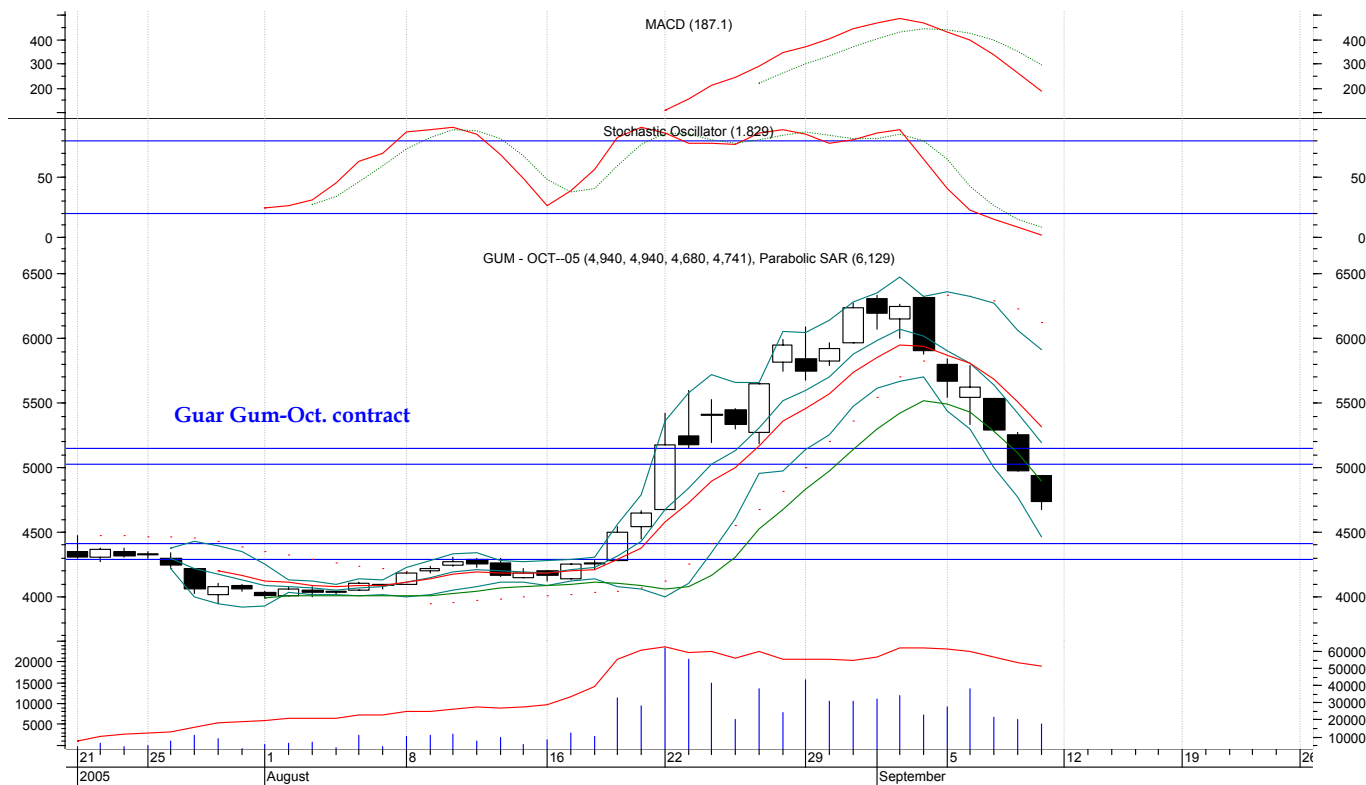
MACD: The MACD (5-day) is moving downward and lying below its EMA, showing the weakness in the prices.

Alignment pattern: The alignment pattern of moving average is further supporting the downtrend.

The guar gum futures are likely to extend the weakness in the coming 1-2 days following a weak opening.

Market outlook:

Guar gum is expected to open weak and trade range bound downward in the first couple of days. However, the prices are likely to consolidate and recover in the mid-week from a likely upward technical correction.



FOREX:

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.87
European Union	Euro	54.47
United Kingdom	GBP	80.71
Japan	100 Yen	39.99

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