

GUAR SEED and GUAR GUM

September 12-19, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Guar Seed and Gum Remained Weak at Spot Markets
- Guar Futures Traded Bearishly on Speculative Selling

MARKET COMMENTARY OF MAJOR MARKETS

The guar seed futures remained mostly bearish throughout the week. However, the futures cut back some of the earlier losses during the mid-week on some buying support, but failed to extend the advances further. The guar seed futures finished the week at lower levels and tested this week's low on Monday. The guar physical markets also followed the same sentiment amidst a better crop expectation following the continuous rains during the first few days of this week. Speculative selling pressurised the prices throughout this week in the physical as well as the futures markets. The Bikaner line 98% whitish guar seed was offered in the range of Rs 1600-1750 per quintal in Jodhpur market in this week. The guar seed prices at the Bikaner market were quoted between Rs 1600-1650 per quintal during this week.

As per various forecasts of government agencies like IMD and NCRMWF, the upper air cyclonic circulation over Gujarat state and adjoining south Rajasthan moved westwards and now lies over southeast Pakistan and neighbourhood extending upto middle troposphere. It is likely to become unimportant soon. However, due to rainfalls in the major guar growing regions during the first half of this week, the estimated yield of the guar crop is likely to be higher than previous estimates. The market sentiments are still bearish and the prices of guar seed may move a little further downwards in the next week. However, some upward corrections are also likely in the coming week.

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

Date	Bikaner	Jodhpur		Nokha
		B line	M line	
12.09.05	1650	1725-1750	1700-1725	1550
19.09.05	1600	1600-1625	1600	1400
Change	-50	-125	-100	-150

Market Commentary on Guar Gum

The guar gum futures at the NCDEX remained mostly weak throughout the week. The futures got some buying support during the mid-week and cut back some of the early losses. However, the futures failed to extend the advances and

finished the week on a lower ground. At the physical markets also guar gum traded with a similar sentiments in this week. Amidst a better crop expectation following the continuous rains during the first few days of this week, speculative selling was observed throughout the week.

At the physical markets guar gum was traded in the lower side of the range of Rs 4350-4700 per quintal in Jodhpur market during this week.

WEATHER WATCH (19.09.05)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Monsoon Outlook

During past 24 hours, fairly widespread rains with heavy to very heavy rainfall have occurred over north Andhra Pradesh-south Orissa coasts and south Chhattisgarh. Light to moderate scattered rainfall have also occurred over Andaman & Nicobar Islands, interior Orissa, Konkan & Goa, Telangana, Gujarat Region, Madhya Pradesh, Jharkhand, East Uttar Pradesh, Himachal Pradesh and Uttaranchal. Yesterday's deep depression over northwest Bay of Bengal moved in a west-southwesterly direction and intensified into a cyclonic storm of yesterday evening and lay at 19.5° N/ 86.5° E at 1730 IST of 18th September. It crossed north Andhra Pradesh near Kalingapatnam this morning and lies centered at 0830 hours IST of today near 18.5° N/ 84.0° E close to Kalingapatnam over land. The system is likely to move west-northwest direction and weaken gradually. Model prediction suggests that the system may sustain upto 23-24 September as low-pressure area while it is moving in west-northwest direction. Under these conditions, wide spread with isolated heavy rainfall is likely over coastal Andhra Pradesh, South Orissa, Chhattisgarh for next 24hrs. Subsequently, heavy rainfall zone is expected to shift over to Madhya Pradesh, Telangana, and Vidarbha etc. During the same time, regions of Marathwada, Madhya Maharashtra, Konkan & Goa, coastal Karnataka, North Interior Karnataka and east Rajasthan is likely to experience fairly wide spread rains.

The upper air cyclonic circulation over Gujarat state and adjoining south Rajasthan moved westwards and now lies over southeast Pakistan and neighbourhood extending upto middle troposphere. It is likely to become unimportant.

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

Isolated to scattered rains are likely over Uttaranchal, Himachal Pradesh and West Uttar Pradesh during next 3-4 days. Rainfall activities are likely to increase during 23-25 September over the region.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

Widespread rains with isolated heavy falls are likely over South Orissa during next 2-3 days. Scattered rains are also likely over other parts of the region during this period.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

The region is expected to receive scattered rains during next 24 hours. The rainfall activity over the region may increase and continue till 22-23 September as fairly widespread with isolated heavy rains.

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

Widespread with heavy to very heavy rainfall is expected over Coastal Andhra Pradesh during the next 24 hours. Telangana, Karnataka are likely to receive scattered to fairly widespread rains. Isolated to Scattered rainfall activity is expected over rest of the region.

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

Konkan & Goa, Gujarat, East Rajasthan are likely to experience fairly widespread with isolated heavy rains during next 2-3 days. Subsequently, scattered to fairly widespread rainfall is likely to continue. Remaining parts of the region are expected to experience scattered to fairly widespread rains during this period except west Rajasthan.

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
12.09.05	1621.70	1611.00	4504.50
13.09.05	1632.70	1602.15	4544.55
14.09.05	1661.45	1618.55	4623.25
15.09.05	1659.75	1636.45	4628.20
16.09.05	1615.65	1583.55	4473.65
17.09.05	1614.50	1576.70	4455.90
19.09.05	1602.00	1563.65	4397.90
Change (Rs)	-19.70	-47.35	-106.60

Guar Seed Futures Prices at NCDEX

Dates	Sep. Futures		Oct. Futures		Nov. Futures	
	Open	Close	Open	Close	Open	Close
12.09.05	1720	1655	1794	1714	1843	1763
13.09.05	1670	1648	1717	1707	1775	1748
14.09.05	1644	1684	1686	1758	1741	1809
15.09.05	1687	1646	1751	1707	1810	1745
16.09.05	1640	1624	1700	1696	1738	1730
17.09.05	1620	1596	1697	1661	1733	1695
19.09.05	1575	1568	1651	1642	1691	1681

Guar Gum Futures Prices at NCDEX

Dates	Sep. Futures		Oct. Futures		Nov. Futures	
	Open	Close	Open	Close	Open	Close
12.09.05	4680	4452	4850	4584	4949	4682
13.09.05	4500	4440	4630	4570	4660	4668
14.09.05	4401	4591	4525	4728	4655	4848
15.09.05	4585	4453	4740	4560	4870	4662
16.09.05	4430	4378	4536	4491	4640	4591
17.09.05	4355	4294	4510	4411	4605	4512
19.09.05	4256	4221	4385	4322	4455	4431

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 (Weekly)

NCDEX October Contract

Candlestick: Formation of candlestick pattern is showing a bearish sentiment for the coming couple of days with slight upward correction is likely soon.

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

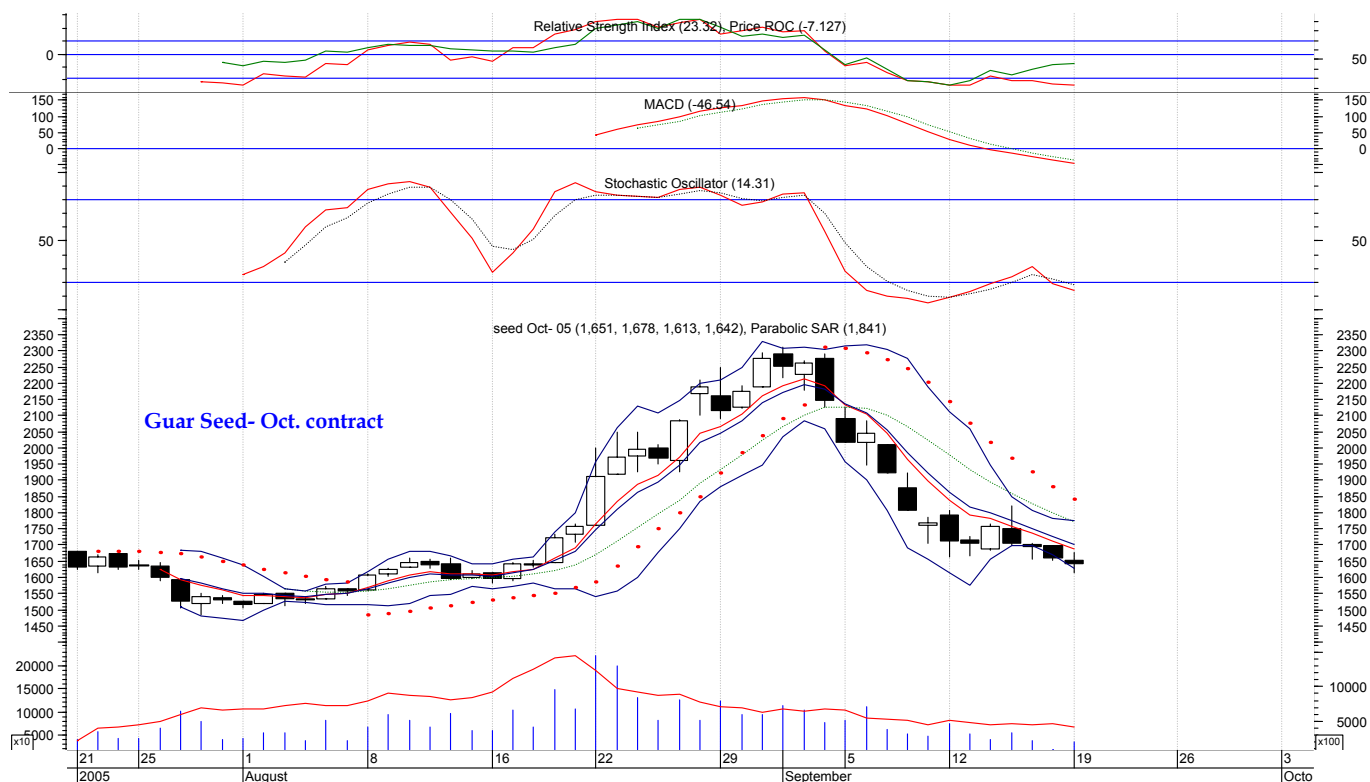
MACD: The MACD (5-day) is moving downwards below its EMA in negative region, hinting further weakness.

Alignment pattern: The alignment pattern of moving averages is also supporting the weakness.

Guar seed futures are expected to remain mostly weak in the coming couple of days but likely to consolidate and some upward correction is expected soon.

Market outlook:

Guar seed prices are expected to open steady and trade range bound upward initially and may witness downtrend towards the weekend. Though the weather situations has improved, but a better than expected lower crop estimates have underpinned the bearish sentiments in the market. However, some upward corrections are likely in the coming days.



Commodity: Guar Gum

Perspective: Very Short Term

NCDEX October Contract

Candlestick: Formation of Candlestick pattern is indicating bearish sentiment for the coming couple of days with slight upward correction is likely soon.

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

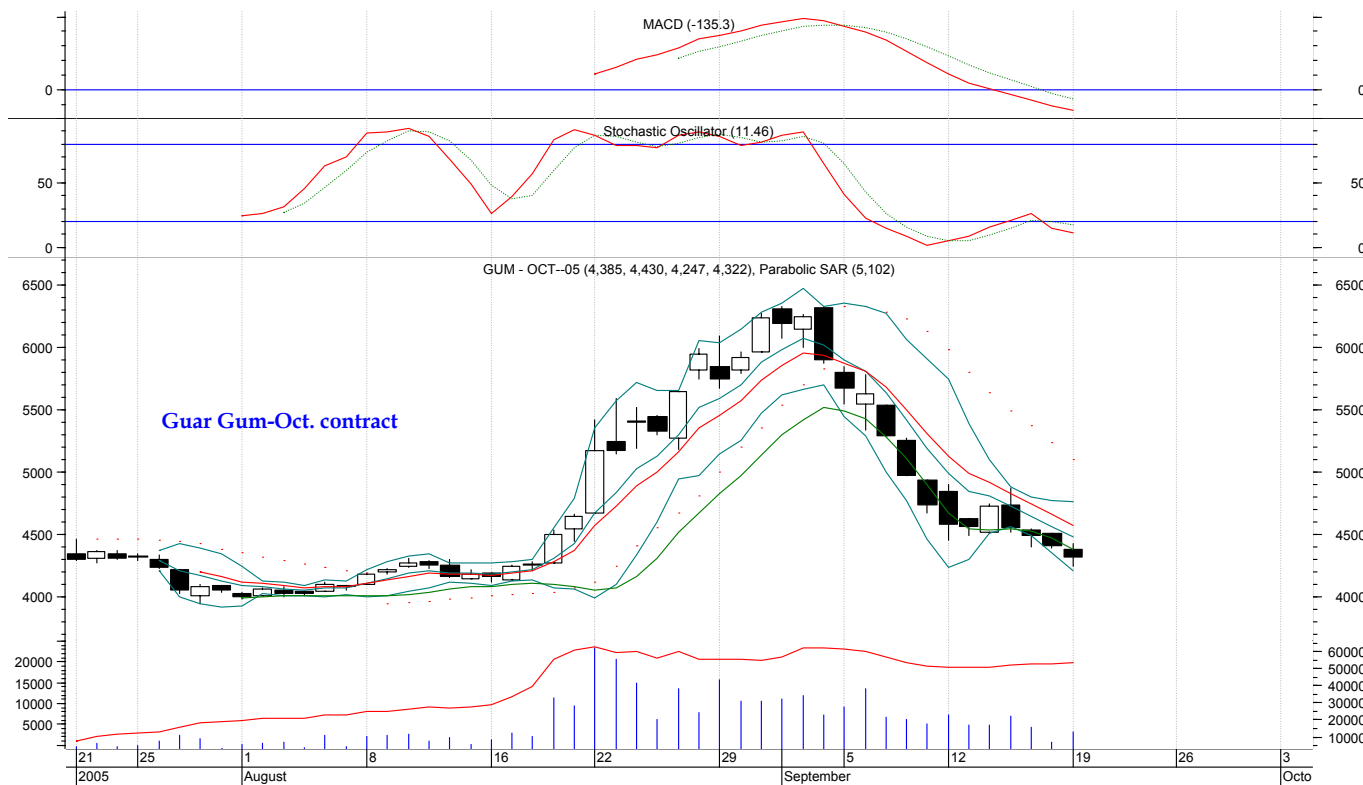
MACD: The MACD (5-day) is moving downward and lying bearishly below its EMA, showing the weakness in the market.

Alignment pattern: The alignment pattern of moving average is also supporting the weak sentiment.

The guar gum futures are expected to remain mostly weak in the coming couple of days but likely to consolidate and some upward correction is expected soon.

Market outlook:

Guar gum prices are expected to open steady and trade range bound upward initially and may witness downtrend towards the weekend. Though the weather situations has improved, but a better than expected lower crop estimates have underpinned the bearish sentiments in the market. However, some upward corrections are likely in the coming days.



FOREX: (19.09.05)

Country/Continent	Currency	Value in Rupees
USA	Dollar	43.90
European Union	Euro	53.15
United Kingdom	GBP	78.96
Japan	100 Yen	39.32

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.