

## GUAR SEED and GUAR GUM

January 02-07, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Guar Seed and Gum Maintained Strength on Lower Arrivals
- Guar Futures: Finished This Week with Moderate Advances

### MARKET COMMENTARY OF MAJOR MARKETS

The guar seed futures at the NCDEX started this week with a bearish trade and settled lower on selling pressure. The futures extended the weakness further and slid significantly during Tuesday's trade. The guar seed futures tested this week's low on Tuesday. However, increased buying support at the lower levels pushed up the futures thereafter and the guar seed futures retraced back again. The guar seed futures traded moderately upwards thereafter, but within a narrow range. The futures finally finish this week with no significant losses or gains. At the physical market guar seed was traded with a firm sentiment on a lower arrival. The arrivals declined gradually during this week and consequently the prices were quoted at the higher side. Sellers were not interested to sell at a lower price level, which supported the uptrend in guar prices. At the Jodhpur market guar seed was quoted in a higher range of 1745-1790 per quintal in this week. At the Bikaner market it was available at a higher range of Rs 1645-1690 per quintal, while at the Nokha market it was traded at a higher price of Rs 1575-1600 per quintal. At the Sriganganagar market it was offered at a higher price of Rs 1560-1585 per quintal, while at the Shiwani market it was quoted almost steady at Rs 1620-1640 per quintal during this week.

The guar physical markets remained firm during this week under review. The prices of both the guar seed as well as guar gum were quoted mostly higher in this week. The crop arrivals at the major physical markets are reported to be lower in this week in this week as against the last week. The arrivals are reported to have declined from around 25000 bags during the first couple of days to around 20000 bags during the weekend and consequently the prices of guar witnessed an upward trend in this week. Traders are expecting higher overseas demand from the mid of January and further uptrend in guar prices. Under such situations, the prices of guar seed as well as guar gum are likely to witness an uptrend during the first half of the coming week with possibility of some downward movement during the later half.

#### Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Date	Bikaner	Jodhpur		Nokha
		B line	M line	
31.12.05	1660	1735	1710	1580
07.01.06	1690	1790	1765	1600
Change	+30	+55	+55	+20

#### Market Commentary on Guar Gum

The guar gum futures at the NCDEX followed the same path as of the guar seed futures. The futures witnessed huge slid on Tuesday but recovered some of the losses thereafter on increased buying support at the lower levels. However, the futures finished this week at a lower ground.

At the physical markets guar gum was quoted almost steady in the range of Rs 4525-4600 per quintal in Jodhpur market during this week. The prices of guar gum are expected to remain firm in the coming week and may move downwards during the later half.

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

Dates	Bikaner	Jodhpur	Guar Gum
31.12.05	1671.45	1653.70	4586.90
02.01.06	1674.35	1665.50	4601.90
03.01.06	1639.60	1651.50	4538.25
04.01.06	1662.05	1671.25	4538.20
05.01.06	1668.45	1677.70	4551.05
06.01.06	1671.65	1681.45	4550.60
07.01.06	1681.05	1689.55	4576.90
Change (Rs)	+9.60	+35.85	-10.00

#### Guar Seed Futures Prices at NCDEX

Dates	Jan. Future		Feb. Future		March. Future	
	Open	Close	Open	Close	Open	Close
31.12.05	1717	1727	1767	1779	1814	1827
02.01.06	1730	1723	1781	1777	1828	1822
03.01.06	1722	1687	1776	1731	1819	1776
04.01.06	1689	1707	1730	1757	1776	1799
05.01.06	1707	1707	1758	1755	1802	1796
06.01.06	1703	1717	1750	1765	1788	1808
07.01.06	1715	1724	1767	1775	1808	1823

## Guar Gum Futures Prices at NCDEX

Dates	Jan. Future		Feb. Future		March. Future	
	Open	Close	Open	Close	Open	Close
31.12.05	4590	4622	4692	4731	4785	4847
02.01.06	4611	4605	4721	4714	4844	4829
03.01.06	4600	4488	4702	4595	4820	4707
04.01.06	4487	4527	4590	4640	4735	4749
05.01.06	4525	4524	4640	4632	4750	4735
06.01.06	4505	4528	4610	4642	4725	4748
07.01.06	4535	4544	4650	4670	4750	4780

## WEATHER WATCH (07.01.06)

### ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

#### Weather Outlook

At present, a western disturbance lies over north Pakistan. It is likely to move in eastnortheastward direction causing isolated to scattered snowfall in hilly regions of J&K and H.P. during next 24-48 Hrs.

Model prediction suggests that another western disturbance is likely to approach J&K and adjoining areas of NW India around 9th January 2006. Under its influence parts of NW India viz. J&K, H.P., Uttaranchal and adjoining plains of Punjab and Haryana are likely to experience snowfall and rain during 9-10 January.

Under the influence of easterly wave Andaman & Nicobar, south coastal Tamil Nadu, Kerala and Lakshadweep are likely to receive scattered rainfall during next 48 Hrs. and then during 9-10 January.

**NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**  
Hilly regions of NW India viz. J&K and Himachal Pradesh are likely to receive isolated to scattered snowfall/rains during next 24-48 hours. Scattered to fairly wide spread snowfall/rains is likely over J&K, H.P. and Uttaranchal and isolated to scattered rainfall over adjoining Punjab, Haryana, Delhi and west U.P. during 9-10 January 2006.

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

Mainly dry weather may prevail over the region during next 4-5 days.

**CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]**

Region is likely to experience mainly dry weather condition. There may be slight fall in night temperatures by 2-3 deg C over the region during next 3 days.

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

Scattered rainfall is likely over Andaman & Nicobar islands, Tamil Nadu, Kerala and Lakshadweep during next 2 days and then during 9-10 January 2006.

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

Mainly dry weather is expected to prevail except isolated rainfall over north Rajasthan during 9- 10 January 2006.

Source: GOI (NCMRWF & IMD)

## TECHNICAL ANALYSIS

**Commodity:** Guar Seed

**Perspective:** Very Short Term (Weekly)

**NCDEX January Contract**

**Candlestick:** Formation of candlestick is showing a moderately bullish pattern and firm opening.

**Stochastic:** The stochastic is moving upwards, the % -K line after cutting the % -D line from below moving upwards in the normal region, hinting further uptrend.

**MACD:** The MACD (5-day) is moving upwards in the negative territory, supporting the strength in the market.

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

### Market Outlook:

Guar seed futures are expected to trade upwards following a firm opening during the first half of the coming week. However, the futures are likely to get resisted and may move downwards during the later half.



**Commodity: Guar Gum**

**Perspective: Very Short Term (Weekly)**

**NCDEX January Contract**

**Candlestick:** Formation of candlestick is showing a moderately bullish pattern and firm opening.

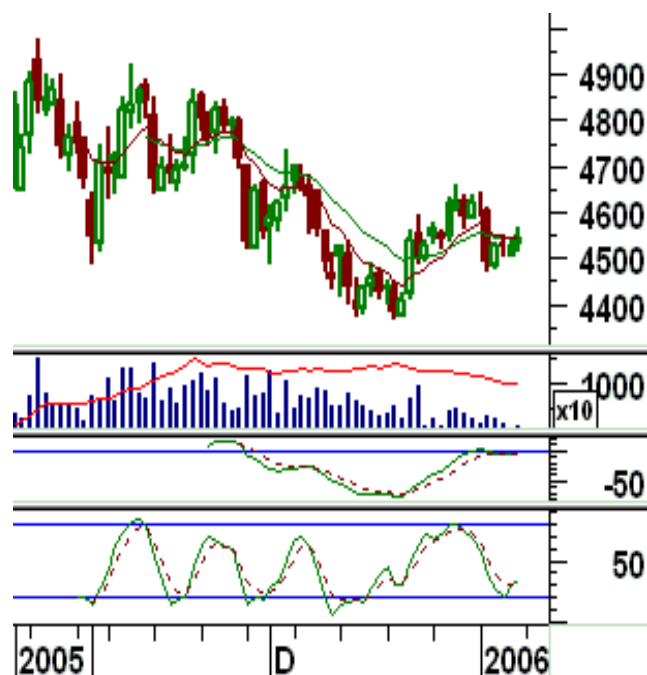
**Stochastic:** The stochastic is moving upwards, the % -K line after cutting the %D-line from below moving upwards in the normal region, indicating further uptrend.

**MACD:** The MACD (5-day) has made a bullish crossover with its EMA and moving upwards in the negative territory, supporting the strength in the market.

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

**Market Outlook:**

Guar gum prices are expected to trade upwards following a firm opening during the first half of the coming week. However, the futures are likely to get resisted and may move downwards during the later half.



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