

GUAR SEED and GUAR GUM

January 09-16, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Guar Seed and Gum Remained Weak Despite Lower Arrivals
- Guar Futures: Settled Lower on Increased Selling Pressure

MARKET COMMENTARY OF MAJOR MARKETS

The guar seed futures at the NCDEX started this week with a bearish note and slid heavily on increased selling pressure at the higher price levels. The futures extended the weakness further and slid continuously through the week. However, the futures traded mostly within a narrow range during the weekend on alternate buying and selling interest with the January future nearing its maturity. The open interest has increased in the later month futures, while the volume of trade remained thinner in this week. The futures finished this week at a much lower ground. At the physical market also guar seed was traded with a bearish sentiment despite a lower arrival. The arrivals declined gradually during this week, but the prices faced a downtrend as buyers were away from the market at the higher price levels. At the Jodhpur market it was quoted in a lower range of Rs 1760-1775 per quintal in this week. At the Bikaner market it was offered in a lower range of Rs 1650-1670 per quintal, while at the Nokha market it was traded lower at Rs 1565-1590 per quintal in this week. At the Sriganganagar market it was available at a lower price of Rs 1540-1580 per quintal, while at the Shiwani market it was quoted in a lower range of Rs 1605-1630 per quintal during this week.

The guar physical markets witnessed a range bound bearish trade in this week under review. The prices of both the guar seed as well as guar gum was quoted on an average lower 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 20000 bags during the first couple of days to around 17000-18000 bags during the weekend. Despite lower arrivals, the market was mostly quiet as buyers were not interested to deal at a higher price level. Traders are expecting higher overseas demand in the days ahead and a quick recovery in guar prices. Under such situations, the prices of guar seed as well as guar gum are likely to retrace back 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	
07.01.06	1690	1790	1765	1600
16.01.06	1650	1760	1735	1570
Change	-40	-30	-30	-30

Market Commentary on Guar Gum

The guar gum futures at the NCDEX dominated the downtrend in guar futures. The futures witnessed significant losses throughout this week with the January future registering the maximum loss in this week.

At the physical markets guar gum was quoted mostly lower in the range of Rs 4450-4550 per quintal in Jodhpur market during this week. The prices of guar gum are expected to recover in the coming week, as buyers would be active at the present lower levels.

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

Dates	Bikaner	Jodhpur	Guar Gum
07.01.06	1681.05	1689.55	4576.90
09.01.06	1675.15	1681.20	4561.15
10.01.06	1672.10	1678.15	4536.35
11.01.06	1668.50	1676.55	4527.75
12.01.06	1660.15	1671.15	4489.00
13.01.06	1655.70	1666.00	4475.80
14.01.06	1659.55	1663.30	4446.95
16.01.06	1654.75	1665.30	4425.75
Change (Rs)	-26.30	-24.25	-151.15

Guar Seed Futures Prices at NCDEX

Dates	Jan. Future		Feb. Future		March. Future	
	Open	Close	Open	Close	Open	Close
07.01.06	1715	1728	1767	1777	1808	1824
09.01.06	1727	1708	1777	1751	1824	1796
10.01.06	1709	1710	1751	1751	1796	1794
11.01.06	1707	1698	1750	1733	1791	1773
12.01.06	1694	1691	1730	1724	1771	1763
13.01.06	1690	1683	1726	1718	1761	1754
14.01.06	1686	1683	1719	1721	1755	1760
16.01.06	1684	1678	1720	1716	1758	1756

Guar Gum Futures Prices at NCDEX

Dates	Jan. Future		Feb. Future		March. Future	
	Open	Close	Open	Close	Open	Close
07.01.06	4535	4550	4650	4672	4750	4785
09.01.06	4559	4502	4678	4610	4794	4720
10.01.06	4500	4486	4603	4599	4716	4706
11.01.06	4474	4428	4582	4549	4685	4660
12.01.06	4429	4368	4537	4498	4645	4607
13.01.06	4370	4340	4498	4454	4610	4573
14.01.06	4344	4299	4470	4442	4530	4566
16.01.06	4290	4291	4427	4422	4556	4549

WEATHER WATCH (16.01.06)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Weather Outlook

As per the earlier assessment, the movement of a western disturbance towards J&K and adjoining parts of NW India has resulted in to warmer nights and the same conditions are to continue over NW India till 18-19 January 2006. Under its influence, scattered to fairly widespread snowfall over hilly regions of NW India (J & K, Himachal and Uttaranchal) and isolated to scattered rains over adjoining plains of NW India (Punjab, Haryana-including Chandigarh and Delhi, Western Uttar Pradesh, Rajasthan) is expected in coming days. Scattered to fairly widespread rains have been realized over south coastal Tamil Nadu, Kerala, Lakshadweep, NE States, J & K, Himachal, Uttaranchal for

the last 24-hrs. Yesterday's depression over the southeast Arabian Sea has moved in predominant west-northwesterly direction during the last 24-hrs and persists as a low pressure area now over the southeast Arabian Sea. It is likely to move in predominant west-northwesterly direction and dissipate gradually. Hence, only an isolated to scattered rainfall activity is now expected over Lakshadweep and Kerala for next 24-48 hrs or so.

NORTH & NORTH NORTHWEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Scattered to fairly widespread snowfall/rains is likely over J&K, H.P. and Uttaranchal and isolated rains over adjoining Punjab and Haryana in coming 3- days. Subsequently, cold-wave conditions are likely to set in all over the region.

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

The region is likely to experience mainly dry weather with fog in morning and late evenings particularly over parts of east U.P. and Bihar.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely.

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

Kerala and Lakshadweep are likely to receive isolated to scattered rainfall in coming 1-2days. Subsequently, dry weather is likely to prevail.

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

Scattered rainfall activity is expected over Rajasthan for next 2-3days only and mainly dry weather is expected to prevail over rest of the region.

Source: GOI (NCMRWF & IMD)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX February Contract

Candlestick: Formation of candlestick is showing a slightly bearish pattern and steady to weak opening.

Stochastic: The stochastic is moving upwards, the % -K line has started moving upwards in the oversold region, hinting further uptrend.

MACD: The MACD (5-day) is moving downwards in the negative territory, supporting the weakness in the market.

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

Market Outlook:

Guar seed futures are expected to trade slightly downwards following a steady to weak opening during the next day. However, the futures are likely to get supported and may move upwards thereafter.



Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX February Contract

Candlestick: Formation of candlestick is showing a slightly bearish pattern and steady to weak opening.

Stochastic: The stochastic is moving upwards, the % -K line has started moving upwards in the oversold region, indicating further uptrend.

MACD: The MACD (5-day) is moving downwards in the negative territory, supporting the weakness in the market.

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

Market Outlook:

Guar gum prices are expected to trade slightly downwards following a steady to weak opening during the next day. However, the futures are likely to get supported and may move upwards thereafter.



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