

GUAR SEED and GUAR GUM

February 20- 25, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Guar Remained Bearish Following Futures Market
- Guar Futures Slid to 2-Month Lows on Speculative Selling

MARKET COMMENTARY OF MAJOR MARKETS

The guar futures at the NCDEX started this week with a positive note with moderate buying support. The guar futures tested this week's high on Monday, but immediately ran into profit booking. Profit booking at the highs capped further advances and along with speculative selling, the market turned red for the rest of the week. The March contract neared its contract lows, while the later month contracts tested fresh lows during this week. The volume of trade remained lower, while the open interest remained steady at the lower side during this week under review. The arrivals at the major physical markets remained steady throughout this week. At the Jodhpur market it was quoted in the range of Rs 1785-1815 per quintal in this week under review as against the last week. At the Bikaner market it was offered between Rs 1675-1690 per quintal, while at the Nokha market it was traded in the range of Rs 1600-1640 per quintal in this week. At the Sriganganagar market it was available around Rs 1575-1600 per quintal, while at the Shiwani market it was quoted in the range of Rs 1650-1660 per quintal during this week under review.

The guar physical markets witnessed on an average a bearish sentiment during this week under review. The arrivals at the major physical markets are reported to be steady at around 8000-10000 bags. With a steady arrival and lacklustre trade, the prices of guar at the physical markets turned southwards. Moreover, increased speculative selling and consequently the downward trade at the futures market have also underpinned the bearish sentiment at the physical markets. Despite a lower price, activity was limited at the physical markets. However, traders expect a quick recovery in guar prices, as buyers would be active at this lower level. Amidst such situations, the prices of guar seed are expected to move moderately downwards in the coming couple of days with possibility of some upward movement later 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	
18.02.06	1690	1815	1790	1640
25.02.06	1675	1785	1760	1600
Change	-15	-30	-30	-40

Market Commentary on Guar Gum

The guar gum futures at the NCDEX witnessed a similar sentiment as of guar seed futures. The guar gum futures traded mostly on bearish sides in the week..

At the physical markets guar gum was quoted in the range of Rs 4500-4675 per quintal in Jodhpur market during this week. The prices of guar gum are expected to move expected to move moderately downwards in the first halves of coming week and there is a possibility of some upwards movement on increasing buying support for the last halves of the coming week.

Price Movement of Guar Seed and Gum at NCDEX

(Prices of guar in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
18.02.06	1713.75	1717.15	4585.05
20.02.06	1709.20	1718.10	4593.00
21.02.06	1711.00	1716.50	4585.60
22.02.06	1693.15	1699.00	4546.80
23.02.06	1685.65	1693.60	4529.20
24.02.06	1686.00	1695.30	4534.45
25.02.06	1681.20	1693.85	4540.35
Change (Rs)	-32.55	-23.30	-44.70

Guar Seed Futures Prices at NCDEX

Dates	March Future		April Future		May Future	
	Open	Close	Open	Close	Open	Close
18.02.06	1789	1781	1837	1828	1871	1868
20.02.06	1772	1783	1826	1831	1865	1872
21.02.06	1785	1780	1833	1824	1872	1866
22.02.06	1777	1757	1824	1798	1870	1837
23.02.06	1755	1753	1796	1791	1835	1831
24.02.06	1752	1751	1792	1790	1834	1830
25.02.06	1748	1733	1787	1769	1832	1809

Guar Gum Futures Prices at NCDEX

Dates	March Future		April Future		May Future	
	Open	Close	Open	Close	Open	Close
18.02.06	4557	4539	4694	4665	4785	4800
20.02.06	4531	4546	4655	4659	4765	4774
21.02.06	4554	4546	4665	4654	4772	4773
22.02.06	4548	4473	4657	4577	4775	4692
23.02.06	4465	4454	4569	4554	4660	4664
24.02.06	4442	4455	4554	4564	4665	4675
25.02.06	4453	4402	4556	4512	4685	4616

WEATHER WATCH (25.02.06)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Weather Outlook

Under the influence of the western disturbance over Jammu & Kashmir, light to moderate rain/snow has occurred at many places over Jammu & Kashmir and Himachal Pradesh and at a few places over Uttaranchal. Light rain/thundershowers have occurred at a few places over Punjab, Haryana and north Rajasthan.

The Day & night temperatures over northwest India have fallen by 2-3° C. The night temperatures are likely to fall further by 2-3° C over northwest India and adjoining Gangetic Plains during next 2-3 days.

Day temperatures remained 5-7° C above normal over East Rajasthan, Gangetic Plains and central India; they were 3-5 ° C above normal over the rest parts of the country outside peninsula where they were above normal by 2-3° C.

NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Isolated rain/snow likely over Jammu & Kashmir. Mainly dry weather over the rest region. Night temperatures over the regions are likely to fall by 2-3° C.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]
Weather will be mainly dry over the region. Day & night temperatures are likely to remain 3-5°C above normal. Rain/thundershowers are likely at a few places over Assam & Meghalaya and Arunachal Pradesh. Mainly dry weather over the rest region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Weather will be mainly dry over the region. Day temperatures are likely to remain 4-6° C above normal over Madhya Pradesh & Chhattisgarh

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]
Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region. However, isolated rain/thundershowers are likely over Tamil Nadu and Kerala over 1st & 2nd March.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]
Weather will be mainly dry over the region. Night temperatures over Rajasthan are likely to fall by 2-3° C.

Source: GOI (NCMRWF& IMD)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX March Contract

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

Stochastic: The stochastic is moving downwards, the %K-line after cutting %D-line from above moving downward in the oversold region, hinting further downtrend with possibility of an upward technical correction.

MACD: The MACD (5-day) has made a bearish crossover with its EMA and moving downwards in the negative region, showing 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 downwards in the first half of coming week. However, the futures are likely to get supported and may move upwards during the later half of the coming week.



Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX March Contract

Candlestick: Formation of candlestick is showing bearish pattern and weak opening.

Stochastic: The stochastic is moving downwards, the %K-line after cutting %D-line from above moving downward in the oversold region, showing further downtrend with possibility of an upward technical correction.

MACD: The MACD (5-day) has made a bearish crossover with its EMA and moving downwards in the negative region, hinting weakness in the market.

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

Market Outlook:

Guar gum futures are expected to trade downwards in the first half of coming week. However, the futures are likely to get supported and may move upwards during the later half of the coming week.



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