

GUAR SEED and GUAR GUM

April 24th -29th 2006

MAJOR ACTIVITY HIGHLIGHTS

- Guar Zoomed up in Physical Market on Bellow Normal Rainfall Prediction
- Guar Futures: Sharply Bullish: Tested Fresh Contract Months' High

MARKET COMMENTARY OF MAJOR MARKETS

The guar futures at the NCDEX started this week with bullish sentiments following a sharply downwards trading during the last week. Increased buying motivation due to the IMD's prediction of bellow normal S.W. monsoon for 2006 supported the futures and lifted at much higher levels. Futures ran into continuous buying support throughout the week and the May contract tested fresh contract months' high during Friday's trade at Rs.2060 per quintal. However, some profit-booking motives curbed some of the early advances and traded at some lower levels during the weekend under review. The volume of the trade was found higher as against last week. However, the open interest has been seen decreasing during the week. The arrivals at the major physical markets were reported to be steady at the lower sides. The steady arrivals coupled with fresh demand increased the guar seed prices in majority of the spot market in the country. At the Jodhpur market it was quoted higher in the range of Rs 2000-2100 per quintal in this week under review. At the Bikaner market it was offered higher levels also in the range of Rs 1890-1990 per quintal, while at the Nokha market it was traded at Rs.1840-1924 per quintal in this week. At the Sriganganagar market it was available at Rs.1887-1960 per quintal, while at the Shiwani market it was quoted higher in the range of Rs 1825-1890 per quintal during this week under review.

The guar physical markets witnessed sharply bullish sentiments in this week under review. The prices of guar are truly back, as they left no stone unturned on their return. The renowned speculative giant bounced back into contention on IMD's prediction of bellow normal rainfall from the S.W. monsoon, 2006. Guar seed and guar gum prices zoomed across the different spot markets of the country on the anticipation of Lower production of rainfed kharif crop due to bellow normal rainfall. But the traders should wait for actual picture of monsoon activity in July as well as IMD's further reports on monsoon. Moreover, highly bullish tone of the futures market underpinning the physical market sentiments. The rising demands even at higher price levels reported from the domestic markets of guar. Stockists did not release their stocks. Millers remain the active buyers. The arrivals at the major physical markets are reported to be steady at the lower sides. The total arrivals reported to 4000-4500 bags. The arrivals were mostly coming from godowns. According to the traders the market will continue to be bullish in the coming days on increased demand against lower supply. They attributed that arrivals of the guar seed and coming weather condition would be the governing factors for coming day's market

sentiments. Amidst such circumstances, the prices of guar seed as well as guar gum are expected to witness further bullish sentiments with the possibility of some fluctuating movement 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	
22.04.06	1840	1960-1970	1935-1945	1800
29.04.06	1960-1970	2050	2025	1900
Change	+130	+90	+90	+100

Market Commentary on Guar Gum

The guar gum futures at the NCDEX witnessed on an average a similar sentiment as of the guar seed futures. The guar gum futures traded mostly higher sides and reached at very higher levels on increased speculative buying throughout the week and May contract tested fresh contract months' high during Friday's trade at Rs.5245 per quintal. However, profit-booking interest at the higher levels capped some of the early advances and traded at some lower levels during the weekend under review.

At the physical markets guar gum was quoted sharply higher in the range of Rs 4975-5252 per quintal in Jodhpur market during this week. The prices of guar gum are expected to witness an upward trade with the possibility of some fluctuating movement in the coming week.

Price Movement of Guar Seed and Gum at NCDEX

(Prices of guar in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
22.04.06	1842.25	1865.65	5001.85
24.04.06	1860.20	1870.50	4994.65
25.04.06	1884.65	1905.05	5087.40
26.04.06	1878.30	1905.30	5083.25
27.04.06	1946.90	1957.45	5237.10
28.04.06	1976.50	1986.10	5248.70
29.04.06	1973.90	1969.75	5174.05
Change	+131.65	+104.10	+172.20

Guar Seed Futures Prices at NCDEX

Dates	May Contract		June Contract		July Contract	
	Open	Close	Open	Close	Open	Close
22.04.06	1938	1924	1996	1983	2049	2033
24.04.06	1920	1962	1981	2030	2027	2087
25.04.06	1970	1982	2038	2059	2092	2119
26.04.06	1982	1954	2058	2024	2112	2081
27.04.06	1957	2010	2021	2104	2081	2175
28.04.06	2005	2031	2105	2123	2167	2203
29.04.06	1938	1924	1996	1983	2049	2033

Guar Gum Futures Prices at NCDEX

Dates	May Contract		June Contract		July Contract	
	Open	Close	Open	Close	Open	Close
22.04.06	4945	4890	5060	5016	5220	5129
24.04.06	4877	5004	5002	5141	5110	5255
25.04.06	5020	5047	5162	5190	5265	5311
26.04.06	5044	4938	5180	5086	5270	5218
27.04.06	4940	5133	5065	5306	5200	5446
28.04.06	5100	5159	5300	5345	5460	5494
29.04.06	4945	4890	5060	5016	5220	5129

WEATHER WATCH (28.04.06)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Weather Outlook

The severe cyclonic storm "Mala" over southeast Bay of Bengal had intensified further into a Very Severe Cyclonic Storm (VSCS) and lay this morning at 0830 hours IST near lat 14.5° N and long 91.5° E about 350 km north-northwest of Port Blair. The system has been pre-dominantly moving in a northeasterly direction during past 24 hours. The current observations show that system appears to have come under the grip of upper air westerlies and exhibiting rapid intensification. The latest satellite observations also shows northeastward extension of cirrus clouds (clouds at high altitudes) associated with outflow from the system indicating influence of upper air westerly winds. These observations and current predictions clearly suggest that the system is likely to intensify further and track north-northeastward towards Arakan coast with a possible landfall on the night of 29th April. Heat wave conditions over north Rajasthan, Punjab and Jammu division of Jammu & Kashmir has extended into more parts of these states and also Haryana and northwest Madhya Pradesh. They have become severe in some parts of Punjab and Jammu division. Heat wave conditions have also developed over south-coastal Andhra Pradesh and north coastal Tamilnadu. The predicted wind flow pattern, maximum temperature trend, and almost clear weather conditions over most parts of north, central and peninsular India

indicate that the heat wave conditions are likely to continue for next 2-3 days and may extend into some parts of northwest and central India.

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

Isolated to scattered rains/ snowfall is likely over J&K and Himachal Pradesh during 30 April-1 May, 2006 under the influence of a fresh western disturbance over J & K.

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

Isolated to scattered rains are expected over Assam, Arunachal and Sub-himalayan West Bengal. Coastal Orissa and Gangetic West Bengal may experience isolated to scattered rains during next 48 hours. Isolated thunder storm activity is expected over Jharkhand as well. The rainfall activity over NE States and Sub-himalayan west Bengal is expected to increase from 1st May, 2006.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region.

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

Bay Islands are likely to experience fairly widespread to wide spread rains with isolated heavy to very heavy falls with gusty winds. Isolated thunderstorm activity is expected over South Tamilnadu, Kerala, Lakshadweep and coastal AP.

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

Mainly dry weather conditions are likely to prevail with a possible development of duststorm and hazy conditions over Rajasthan in particular.

Source: GOI (NCMRWF & IMD)

IMD's prediction about S.W. monsoon (24.04.06)

IMD's operational Long Range Forecast for the 2006 South-west Monsoon season (June-September) is that the rainfall for the country as a whole is likely to be 93% of the Long Period Average (LPA) with a model error of $\pm 5\%$.

TECHNICAL ANALYSIS

Commodity: **Guar Seed**

Perspective: Very Short Term (Weekly)

NCDEX June Contract

Candlestick: Formation of candlestick is showing a sentiment of trend reversal and steady to weak opening.

Stochastic: The stochastic is moving slightly downwards to normal region. The %K-line would likely to touch %D-line from the above.

MACD: The MACD (5-day) along with its EMA moving upwards. Showing some strength in the market.

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

Market Outlook:

Guar seed futures are expected to witness an upward trade in the coming week with the possibility of some fluctuating movement.



Commodity: **Guar Gum**

Perspective: Very Short Term (Weekly)

NCDEX June Contract

Candlestick: Formation of candlestick is showing a sentiment of trend reversal and steady to weak opening.

Stochastic: The stochastic is moving slightly downwards to normal region. The %K-line would likely to touch %D-line from the above.

MACD: The MACD (5-day) along with its EMA moving upwards. Showing some strength in the market.

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

Market Outlook:

Guar seed futures are expected to witness an upward trade in the coming week with the possibility of some fluctuating movement.



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