

GUAR SEED and GUAR GUM

May 08th -13th 2006

MAJOR ACTIVITY HIGHLIGHTS

- Guar Physical Market is Governing by Futures Market Tone
- Guar Futures: Cracked Down at Weekend Following Early Zoom

MARKET COMMENTARY OF MAJOR MARKETS

The guar futures at the NCDEX increased sharply throughout the week following the up trend during the last week on account of the speculation, this season the monsoon will be 22% less than normal. The speculative buying activities supported the futures and hovered up to a new top almost each and every day of the week. The increased speculative buying supported the June contract to test fresh contract months' high at Rs. 2565 per quintal during Friday's trade. However profit-booking activities at the higher level cracked down the futures and settled at much lower levels during weekend and consequently capped early gains. The volume as well as open interest of the trade was almost steady at the higher levels during majority of the days in this week followed by some lower sides at the weekend. The near month May contract traded in the range of 2272-2433, while the June contract fluctuated in the range of 2378-2559 during weekend. The demand remains lower at higher price levels. At the Jodhpur market it was quoted much higher in the wide range of Rs 2250-2450 per quintal in this week under review. At the Bikaner market it was offered higher levels also in the range of Rs 2122-2300 per quintal, while at the Nokha market it was traded at Rs.2048-2130 per quintal in this week. At the Sriganganagar market it was available at Rs.2130-2270 per quintal, while at the Shiwani market it was quoted higher in the range of Rs 1950-2070 per quintal during this week under review.

The guar prices in all of the domestic spot markets in the country have been running on the bullish path during the first six days in the week followed by some ease at the weekend. The domestic market sentiment is mainly following the tone of futures market. The speculation of lower rainfall in the months of July-August was still in the mind of the buyers and that only motivated trader for speculative buying activities. However, traders attributed a lower demand from millers as well as stockists in the higher price levels. The stockist reportedly buying guar seed to hedge it against futures in NCDEX as reported by some traders. The traders from Gujarat and Indore purchased the guar seed from some of the spot markets of Rajasthan. The total arrivals reported to 4000-4500 bags. The arrivals were mostly coming from godowns. Traders from Rajasthan attributed that arrivals of the guar seed, showing acreage and coming weather condition would be the principle factor for coming day's market tone. Amidst such circumstances, the prices of guar seed as well as guar gum are expected to witness range bound sentiments during the first couple of

days in the coming week. However, futures may be pressurised and move some downwards during the rest parts of 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	
06.05.06	2106	2250	2225	2028
13.05.06	2200	2330	2305	2090
Change	+94	+80	+80	+62

Market Commentary on Guar Gum

The guar gum futures also traded with a similar sentiment during this week and June futures tested fresh contract month's high at Rs.6375 per quintal during Friday's trade. However profit booking motives at the higher levels capped the early gains and pushed down the futures at much lower levels. The near month May contract traded in the range of 5721-6140, while the June contract fluctuated in the range of 5895-6298 during weekend.

At the physical markets guar gum was quoted sharply higher in the wide range of Rs 5650-5900 per quintal in Jodhpur market during this week under review. The prices of guar gum are expected to witness range bound sentiments during the first couple of days in the coming week. However, futures may be pressurised and move some downwards during the rest parts of the coming week.

Price Movement of Guar Seed and Gum at NCDEX

(Prices of guar in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
06.05.06	2071.80	2086.55	5512.55
08.05.06	2118.10	2135.30	5665.85
09.05.06	2100.95	2109.70	5579.10
10.05.06	2182.90	2189.75	5819.05
11.05.06	2197.55	2186.35	5783.35
12.05.06	2305.85	2336.35	6147.95
13.05.06	2291.90	2320.80	6029.05
Change	+220.10	+234.25	+516.50

Guar Seed Futures Prices at NCDEX

Dates	May Contract		June Contract		July Contract	
	Open	Close	Open	Close	Open	Close
06.05.06	2123	2145	2190	2244	2290	2358
08.05.06	2144	2174	2253	2271	2353	2381
09.05.06	2155	2170	2258	2266	2361	2377
10.05.06	2170	2223	2261	2322	2373	2430
11.05.06	2239	2317	2330	2423	2435	2535
12.05.06	2348	2416	2435	2529	2547	2632
13.05.06	2409	2312	2506	2401	2630	2510

Guar Gum Futures Prices at NCDEX

Dates	May Contract		June Contract		July Contract	
	Open	Close	Open	Close	Open	Close
06.05.06	5350	5466	5526	5669	5730	5879
08.05.06	5400	5514	5675	5701	5890	5910
09.05.06	5530	5487	5650	5685	5875	5896
10.05.06	5525	5630	5695	5804	5910	6017
11.05.06	5700	5842	5850	6032	6079	6253
12.05.06	5840	6083	6102	6266	6299	6490
13.05.06	5979	5878	6224	5936	6473	6238

WEATHER WATCH (14.05.06)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Weather Outlook

During past 24 hours, fairly widespread rainfall has occurred over West Bengal & Sikkim and northeastern States and at a few places over Bihar, Jharkhand and Orissa resulting in significant fall in day temperatures. The model forecast suggests that while rainfall activity over NE States may increase during next 24 hours, there may be significant decrease in the activity over the region subsequently. However, the rainfall activity over eastern region e.g. Bihar, Jharkhand, Orissa and East UP may continue for another 3-4 days. Certain areas of Central India viz., Chhattisgarh, East MP and Vidarbha and parts of North Peninsular India viz. North Coastal AP and Telangana may also receive isolated rains and thundershowers during this period. The day temperatures continue to remain above 40°C over the plains of northwest India, north Gujarat, central India, interior Maharashtra and interior Andhra Pradesh which are 2-4°C above normal. Heat wave conditions continue to prevail over many parts of Rajasthan, parts of west Haryana and northwest Madhya Pradesh, where day temperatures are still above 45°C. Heat wave conditions over these areas may continue during next 1-2 days. As indicated, the rainfall activity over Bay Islands may increase as favourable conditions are building up for onset of SW Monsoon over South Andaman Sea and South Bay of Bengal around 18th or 19th.

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

J&K, H.P. and Uttranchal may experience isolated rainfall/snowfall during next 48 hours. Isolated dustorm/thunderstorm may occur over plains during this period.

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

Fairly widespread rains are expected over NE States and Sub-himalayan West Bengal during 24 hours. Thereafter, rainfall activity over these areas may decrease. Orissa, Gangetic West Bengal, East UP, Bihar and Jharkhand may experience isolated rains during next 3-4 days.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated thunder storm activity is likely over Chhatisgarh, east MP and Vidarbha during next 3-4 days.

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

Isolated to scattered thunderstorm activity is expected over Kerala, coastal Tamilnadu, south/north interior Karnataka, Bay Islands and Lakshadweep during next 3-4 days. Isolated thunder storm activity is expected over Telangana, coastal Andhra Pradesh and Rayalaseema. The rainfall activity over Bay islands is expected to increase from 17th May, 2006. Andaman & Nicobar, Lakshadweep and Kerala are to experience enhanced rainfall from 17 May 2006.

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

Mainly dry weather conditions are likely to prevail over the region. Isolated duststorm activity is expected in North Rajasthan during next 48 hours.

Source: GOI (NCMRWF & IMD)

IMD's prediction about S.W. monsoon (14.05.06)

Favourable conditions are building up for Onset of South-west Monsoon over South Andaman Sea and South Bay of Bengal region around 18th or 19th May, 2006. The normal date of onset of monsoon over these areas is 20th May. Model predictions indicate gradual increase in lower level wind flow and moisture content supported by persistent rainfall activity over the region beginning from 18th May, 2006

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX June Contract

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

Stochastic: The stochastic is moving downwards to normal region after crossing overbought region. The %K-line is after cutting %D-line from above moving southwards.

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

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

Market Outlook:

Guar seed futures are expected to witness range bound sentiments during the first couple of days in the coming week. However, futures may be pressurised and move

some downwards during the rest parts of the coming week.



Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX June Contract

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

Stochastic: The stochastic is moving downwards to normal region after crossing overbought region. The %K-line is after cutting %D-line from above moving southwards.

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

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

Market Outlook:

Guar gum futures are expected to witness range bound sentiments during the first couple of days in the coming week. However, futures may be pressurised and move some downwards during the rest parts of the coming week.



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