

GUAR SEED and GUAR GUM

May 15th -20th 2006

MAJOR ACTIVITY HIGHLIGHTS

- Guar Physical Market Witnessed Bearish Sentiments
- Guar Futures: Cracked Down on Selling Pressure

MARKET COMMENTARY OF MAJOR MARKETS

The guar futures at the NCDEX witnessed sharply downwards trade throughout the week following the higher trading during the last week. The profit booking interest at the higher levels curbed most part of the early gains and pressurized the futures to trade harshly downwards. The sellers were largely motivated on account of the NCMRWF's prediction about the arrivals of S.W. monsoon two days earlier in India. The increased profit booking motives traded the July futures at very lower levels and touched the lowest of the week at Rs.2057 per quintal. The volume as well as open interest of the trade was almost steady in this week. The near month June contract for guar seed traded in the range of 1990-2118, while the July contract fluctuated in the range of 2074-2217 during weekend. The demand remains lower at higher price levels. At the Jodhpur market it was quoted much lower in the wide range of Rs 2075-2175 per quintal in this week under review. At the Bikaner market it was offered lower levels also in the range of Rs 1925-2150 per quintal, while at the Nokha market it was traded at Rs.1872-1950 per quintal in this week. At the Sriganganagar market it was available at Rs.1850-1900 per quintal during this week under review.

The guar prices in all of the domestic spot markets in the country witnessed some bearish sentiments almost throughout the week following sharply higher prices last week. The sharply bearish tone on profit booking activities at the higher levels in the futures market mainly influenced the physical market activities. NCMRWF's prediction about the arrivals of S.W. monsoon two days earlier in India motivated sellers on the speculation of favourable conditions for guar cultivation. Recently, South-West monsoon already arrived in the country and conditions are favourable for further advancement in other parts. This led to some bearish tone in domestic market of guar as kharif guar cultivation to a great extent depends on monsoon rainfall. However, some traders reported from their past experience that arrivals of monsoon before normal date resulting into less amount of rainfall. Therefore, traders as well as stockiest have been closely watching the movement of monsoon for further decision. The arrivals reportedly steady at lower sides. Higher demand at lower price levels amidst steady arrivals at lower levels also governing the sentiments of the physical markets. Millers were the active buyers at lower price levels. Traders from Rajasthan attributed that arrivals of the guar seed, showing acreage and coming weather condition would be the governing 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 with weak undertone sentiments during the first couple of days in the coming week. However, futures may be supported and move some upwards 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	
13.05.06	2200	2330	2305	2090
20.05.06	1960	2125	2100	1872
Change	-240	-205	-205	-218

Market Commentary on Guar Gum

The guar gum futures also traded with a similar sentiment during this week and July futures tested lowest level in this week at Rs.5050 per quintal. The near month June contract traded in the range of Rs. 4925-5239, while the July contract fluctuated in the range of 5050-5380 during weekend..

At the physical markets guar gum was quoted sharply lower in the wide range of Rs 5200-5700 per quintal in Jodhpur market during this week under review. The prices of guar gum are expected to witness range bound with weak undertone sentiments during the first couple of days in the coming week. However, futures may be supported and move some upwards 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
13.05.06	2291.90	2320.80	6029.05
15.05.06	2139.20	2120.00	5586.20
16.05.06	2039.00	2060.25	5487.40
17.05.06	1948.75	1956.90	5323.40
18.05.06	1934.00	1954.95	5247.35
19.05.06	1994.70	2019.55	5365.85
20.05.06	1955.00	1972.20	5270.10
Change	-336.90	-348.60	-758.95

Guar Seed Futures Prices at NCDEX

Dates	June Contract		July Contract		Aug Contract	
	Open	Close	Open	Close	Open	Close
13.05.06	2506	2401	2630	2510	2715	2621
15.05.06	2394	2237	2505	2360	2650	2443
16.05.06	2220	2112	2327	2234	2400	2306
17.05.06	2081	1995	2200	2093	2252	2161
18.05.06	2024	2048	2110	2148	2174	2216
19.05.06	2038	2108	2145	2206	2210	2277
20.05.06	2114	2004	2210	2086	2274	2156

Guar Gum Futures Prices at NCDEX

Dates	June Contract		July Contract		Aug Contract	
	Open	Close	Open	Close	Open	Close
13.05.06	6224	5936	6473	6238	6740	6410
15.05.06	5900	5743	6100	5980	6400	6153
16.05.06	5411	5270	5735	5514	5780	5617
17.05.06	5200	4966	5400	5190	5363	5266
18.05.06	5125	5088	5200	5227	5300	5373
19.05.06	5090	5223	5225	5372	5440	5541
20.05.06	5218	4975	5342	5100	5479	5230

Monsoon Outlook (19.05.06)

Southwest monsoon has further advanced into some parts of southwest & southeast Bay and Andaman Sea. The Northern Limit of Monsoon passes through Lat 5.0 °N/Long. 80.0°E, Lat 10.0 °N/Long. 87.0°E, Lat 16.5 °N/Long. 97.5°E. Prediction continues to indicate sustenance of strong lower level wind flow, moisture build up and persistent large scale rainfall activity over south Bay of Bengal and Andaman Sea region during next 3 days. Consensus forecast from several models indicate that there could be weakening of Bay of Bengal arm of monsoon current after 21st May, resulting in slight decrease in large scale cloudiness and rainfall over the region. On the other hand, the first indication of Arabian Sea arm of monsoon current, may appear in the form of cross equatorial flow along Somalia (Africa) coast beginning from 23rd May, 2006. This may be followed by strengthening of lower level wind flow over south west Arabian sea in subsequent days. Prediction also suggests, there is likely to be simultaneous excitement of Intertropical convergence zone (representing a band of cloudiness close to equator) and increase in large-scale cloudiness and rainfall activity over south-central and south-east Arabian Sea.

WEATHER WATCH (19.05.06)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Weather Outlook

There has been slight increase in day temperatures over many parts of northwest India, Uttar Pradesh and adjoining central India and parts of east India during past 24 hours. No large change in day temperatures is expected during next 2-3 days in these areas. During past 24 hours, rainfall has occurred at most places over Andaman & Nicobar Islands, at many places over Kerala and Lakshadweep; at a few places over Tamil Nadu, Uttaranchal and at isolated places over Delhi, Chhattisgarh, West Madhya Pradesh, South Interior Karnataka and Rayalaseema. The chief amounts of rainfall (in cm) recorded at 8.30 hrs IST today are: Nedumbaserry-12, Kochi-10, Alleppey & Minicoy-8 each, Cananoor & Kottayam-7 each, Tiruchirapalli-5, Nancowrie, Car Nicobar, Karipur, Karaikal- 4 each, Nagapattinam & Tehri-3 each. The rainfall activity over NE States may increase within next 24 hours. Isolated rain and thunderstorm activity over some parts of eastern region e.g. Bihar, Jharkhand and Orissa may continue for another 2-3 days. Many parts of peninsular India e.g. coastal Andhra Pradesh, Telangana, Tamilnadu, Kerala, Interior Karnataka and Lakshadweep may receive scattered rainfall activity during next 2-3 days. Parts of Central India (e.g. Chhattisgarh, east MP and Vidarbha) and West India e.g., Madhya Maharashtra may also receive isolated rains and thundershowers during this period.

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 2-3 days. Isolated rain/thundershowers may occur over plains of NW India during this period.

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

Isolated rains/ thundershowers are likely in Bihar, Orissa and Jharkhand. Rainfall activity over NE States may increase during next 24 hours.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated thunder storm activity is likely over the entire region during next 3-4 days.

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

Fairly widespread rains with isolated heavy falls are expected over Bay islands during next 2-3 days. Scattered thunderstorm activity is expected over Coastal AP, Telangana, Kerala, Tamilnadu, Interior Karnataka, Lakshadweep during next 2-3 days. Isolated thunderstorm activity is also expected over Rayalaseema.

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

Isolated rain accompanied with thunderstorm/duststorm activity is expected in Rajasthan and Madhya Maharashtra. Mainly dry weather conditions are likely over rest areas of the region.

Source: GOI (NCMRWF & IMD)

TECHNICAL ANALYSIS

Commodity: **Guar Seed**

Perspective: Very Short Term (Weekly)

NCDEX July Contract

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

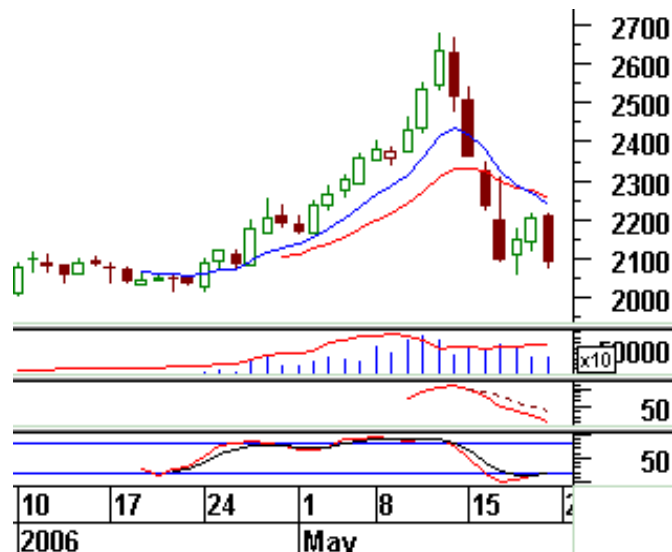
Stochastic: Stochastic is bullish, and moving upwards to normal region after crossing over sold region. The %K line crossed % D line from the below showing some up trend.

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 with weak undertone sentiments during the first couple of days in the coming week. However, futures may be supported and move some upwards during the rest parts of the coming week.



Commodity: **Guar Gum**

Perspective: Very Short Term (Weekly)

NCDEX July Contract

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

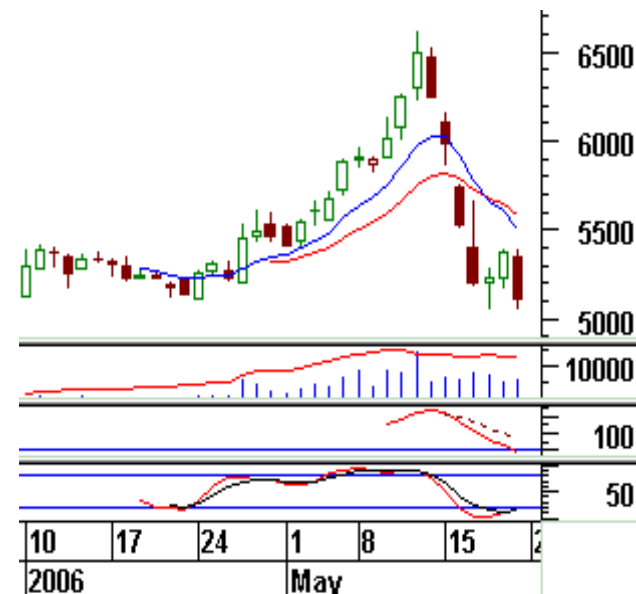
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MACD: The MACD (5-day) along with its EMA moving downwards. Showing some weakness in the market.

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

Market Outlook:

Guar gum futures are expected to witness range bound with weak undertone 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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