

## GUAR SEED and GUAR GUM

May 01<sup>st</sup> -06<sup>th</sup> 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Guar Zoomed up in Physical Market Driven by Futures Market
- Guar Futures: Speculative Buying Tested Several New Tops

### MARKET COMMENTARY OF MAJOR MARKETS

The guar futures at the NCDEX started this week with bearish sentiments following a sharply upwards trading during the last week. However, at lower sides increased buying interest supported the futures again and prices moved to the very higher levels on account of the speculation, this season the monsoon will be 22% less than normal. Futures ran into continuous buying support and traded sharply upwards during the whole week. The futures tested several new tops throughout the week and the June contract tested fresh contract months' high at Rs. 2244 per quintal during weekend under review. The volume of the trade was found somewhat steady at some higher levels. 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 demand remains lower at higher price levels. At the Jodhpur market it was quoted much higher in the wide range of Rs 2060-2250 per quintal in this week under review. At the Bikaner market it was offered higher levels also in the range of Rs 1960-2106 per quintal, while at the Nokha market it was traded at Rs.1900-2028 per quintal in this week. At the Sriganganagar market it was available at Rs.1990-2100 per quintal, while at the Shiwani market it was quoted higher in the range of Rs 1860-1940 per quintal during this week under review.

The guar prices in all of the domestic spot markets in the country witnessed sharply bullish sentiments and seemed it is truly back, as they left no stone unturned on their return. Sharply bullish sentiments of the futures market due to speculative buying on IMD's prediction surrounding the monsoon only underpinning the physical market tone. The prices increased mainly due to sharply higher prices of Futures market. Traders attributed a lower demand from millers as well as stockists in the higher price levels. Traders kept themselves away from spot markets. The traders from Gujarat and Indore purchased the guar seed from some of the spot markets of Rajasthan. The arrivals reportedly steady at lower sides. Steady demand against lower arrivals also governing the sentiments of the physical markets. Stockists did not release their stocks. The total arrivals reported to 4000-4500 bags. The arrivals were mostly coming from godowns. According to the traders prices would be fluctuating at the higher levels. They attributed that arrivals of the guar seed, showing acreage and coming weather condition would be the principle factor 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 downwards 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	
29.04.06	1960-1970	2050	2025	1900
06.05.06	2106	2250	2225	2028
<b>Change</b>	+136	+200	+200	+128

### 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. The futures tested several new tops throughout the week on speculative buying support. June contract tested fresh contract months' high at Rs.5690 per quintal during weekend.

At the physical markets guar gum was quoted sharply higher in the wide range of Rs 4250-5600 per quintal in Jodhpur market during this week under review. The prices of guar gum are expected to witness an upward trade in the first parts of coming week with the possibility of some downwards movement in the later part of the coming week.

### Price Movement of Guar Seed and Gum at NCDEX

(Prices of guar in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
29.04.06	1973.90	1969.75	5174.05
01.05.06	1964.25	1966.40	5210.65
02.05.06	1990.70	2000.60	5334.60
03.05.06	2028.50	2038.45	5422.75
04.05.06	2024.70	2031.95	5423.15
05.05.06	2051.20	2058.30	5593.05
06.05.06	2071.80	2086.55	5512.55
<b>Change</b>	+97.90	+116.80	+338.50

## Guar Seed Futures Prices at NCDEX

Dates	May Contract		June Contract		July Contract	
	Open	Close	Open	Close	Open	Close
29.04.06	2026	2017	2123	2104	2208	2185
01.05.06	2011	2001	2110	2087	2186	2164
02.05.06	2009	2053	2085	2150	2165	2237
03.05.06	2044	2070	2145	2163	2235	2264
04.05.06	2075	2092	2170	2193	2274	2301
05.05.06	2105	2103	2201	2194	-	-
06.05.06	2123	2145	2190	2244	2290	2358

## Guar Gum Futures Prices at NCDEX

Dates	May Contract		June Contract		July Contract	
	Open	Close	Open	Close	Open	Close
29.04.06	5190	5127	5354	5295	5530	5451
01.05.06	5140	5062	5300	5247	5521	5404
02.05.06	5059	5196	5235	5376	5435	5537
03.05.06	5181	5230	5350	5416	5600	5594
04.05.06	5265	5302	5401	5498	5560	5678
05.05.06	5325	5346	5538	5525	-	-
06.05.06	5350	5466	5526	5669	5730	5879

## WEATHER WATCH (28.04.06)

### ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

#### Weather Outlook

The day temperatures are 3-5°C above normal over most parts of NW India and are moderately warm over most parts of the country with NE India getting experienced with below normal day temperatures. During past 24 hrs. rainfall/thundershowers activity has occurred at a few places over Assam, Arunachal Pradesh, Sub-Himalayan West Bengal & Sikkim, and at isolated places over Gangetic West Bengal, Punjab, Haryana, Marathwada, coastal Andhra Pradesh and Bay Islands. As expected earlier, a weak pulse of westerly induced circulation and associated clouds have developed over J & K today already and this situation is likely result in to inducing isolated thunderstorm activity over parts of Punjab, Haryana and western Uttarpradesh, and isolated to scattered rain/snowfall over hills of Himachal, Uttaranchal in coming 2-3days. However, the heat wave conditions may develop over Rajasthan, Gujarat, Vidarbha and central India in coming days. Indications are that **rainfall activity over NE states, Sub-himalayan West Bengal is going to persists** during next 3-4 days as well. At the same time, the rainfall activity over south peninsular India, Bay Islands and Lakshadweep is also likely to continue for another 3-4 days causing further fall in temperatures over south peninsular India. In particular, rainfall activity is going to be of isolated

to scattered type over Kerala, coastal Tamilnadu, south/north interior Karnataka and is of isolated type over

Marathwada, Telangana, coastal Andhra Pradesh, coastal Orissa and Jharkhand.

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

Isolated rains/ snowfall is likely over J&K, Himachal and isolated duststorms/ thundershower activity over Punjab, Haryana, west U.P. in coming 2-3 days.

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

Scattered to fairly widespread rains are expected over NE States and Sub-himalayan West Bengal. Costal Orissa, Gangetic West Bengal, Bihar and Jharkhand may experience isolated rains during next 3-4 days.

#### CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

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

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

Isolated to scattered thunderstorm activity is expected Kerala, coastal Tamilnadu, south/north interior Karnataka, Bay Islands, Lakshadweep during next 3-4 days. Isolated thunder storm activity is expected over Telangana, coastal Andhra Pradesh and Rayalaseema.

#### 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 in coming 2-3 days.

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 bullish sentiment and steady to firm opening.

**Stochastic:** The stochastic is moving upwards after crossing overbought region. Both the %K-line as well as %D-line moving upwards.

**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 up trend.

### Market Outlook:

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



Commodity: **Guar Gum**

Perspective: Very Short Term (Weekly)

### NCDEX June Contract

**Candlestick:** Formation of candlestick is showing a bullish sentiment and steady to firm opening.

**Stochastic:** The stochastic is moving upwards after crossing overbought region. Both the %K-line as well as %D-line moving upwards.

**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 up trend.

### Market Outlook:

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



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