

## GUAR SEED and GUAR GUM

May 20<sup>th</sup> -27<sup>th</sup> 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 some range bound to bearish sentiments at the lower levels throughout the week following the sharply bearish tone during the last week. The thin trading activity and almost sideways trading in futures market restricted buyers interest. Moreover, the arrival of monsoon one week ahead of the schedule date in Kerala and the prediction of good monsoon over other places in the country dragged guar seed and gum both in futures and spot. The July futures touched the lowest of the week at Rs.1928 per quintal. The volume of the trade was almost steady at lower sides in this week. Whereas, open interest witnessed steady to some upward trend. The near month June contract for guar seed traded in the range of 1872-1915 while the July contract fluctuated in the range of 1928-1983 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 2000-2080 per quintal in this week under review. At the Bikaner market it was offered lower levels also in the range of Rs 1860-1940 per quintal, while at the Nokha market it was traded at Rs.1800-1898 per quintal in this week. At the Sriganganagar market it was available at Rs.1820-1900 per quintal during this week under review.

The guar prices in all of the domestic spot markets in the country remained range bound at some lower levels almost throughout the week following bearish movement during last week. The thin trading activities and almost sideways movement in the futures market mainly underpinning the physical market sentiments. The arrival of monsoon one week ahead of the schedule date in Kerala and the prediction of good monsoon over other places in the country dragged guar seed and gum in the spot market. Along with this the speculation of monsoon to remain favorable for the cultivation of guar also played a vital role in lowering the prices of guar in the market. The arrivals reportedly steady at lower sides and reportedly 600-1000 bags/day in Jodhpur market, whereas, 200-300 bags/day in Bikaner market. Demand from stockists was at lower levels. However millers demand for processing guar seed remain at higher sides. Higher demand at lower price levels amidst steady arrivals at lower levels also governing the sentiments of the physical markets. Amidst such circumstances, the prices of guar seed are expected to witness bearish sentiments for first couples of days in the coming week with possibility of somewhat upwards movement in the rest of the day's 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	
20.05.06	1960	2125	2100	1872
27.05.06	1890	2020-2025	1995-2000	1800
<b>Change</b>	-70	-95	-95	-72

### 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.4850 per quintal. The near month June contract for guar gum traded in the range of Rs. 4625-4775 while the July contract fluctuated in the range of 4735-4879 during weekend

At the physical markets guar gum was quoted sharply lower in the wide range of Rs 5044-5252 per quintal in Jodhpur market during this week under review. The prices of guar gum are expected to witness bearish sentiments for first couples of days in the coming week with possibility of somewhat upwards movement in the rest of the day's in the coming week.

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

(Prices of guar in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
20.05.06	1955.00	1972.20	5270.10
22.05.06	1963.75	1962.70	5284.00
23.05.06	1912.30	1946.40	5236.00
24.05.06	1935.35	1952.75	5242.85
25.05.06	1953.05	1969.65	5262.65
26.05.06	1855.65	1911.95	5081.90
27.05.06	1845.25	1904.30	5086.20
<b>Change</b>	-109.75	-67.90	-183.90

## Guar Seed Futures Prices at NCDEX

Dates	June Contract		July Contract		Aug Contract	
	Open	Close	Open	Close	Open	Close
20.05.06	2114	2004	2210	2086	2274	2156
22.05.06	2000	1998	2074	2087	2146	2156
23.05.06	2000	1981	2089	2062	2170	2132
24.05.06	1991	1992	2074	2074	2146	2148
25.05.06	2003	2001	2085	2082	2155	2150
26.05.06	1997	1888	2082	1962	2157	2024
27.05.06	1875	1898	1940	1955	2000	2017

## Guar Gum Futures Prices at NCDEX

Dates	June Contract		July Contract		Aug Contract	
	Open	Close	Open	Close	Open	Close
20.05.06	5218	4975	5342	5100	5479	5230
22.05.06	4910	4925	4906	5080	5036	5220
23.05.06	4895	4905	5080	5030	5330	5168
24.05.06	4940	4968	5065	5083	5198	5207
25.05.06	4980	4994	5123	5113	5235	5230
26.05.06	5020	4704	5100	4816	5270	4924
27.05.06	4720	4724	4764	4819	4930	4952

## Monsoon Outlook (28.05.06)

Southwest Monsoon has further advanced into some more parts of central Arabian Sea, entire Coastal & South Interior Karnataka and Goa, some parts of extreme Konkan Patti, some parts of North Interior Karnataka, some more parts Rayalaseema, Coastal Andhra Pradesh, westcentral Bay, northwest Bay, entire northeast Bay, Assam & Meghalaya, Arunachal Pradesh and some parts of Sub Himalayan West Bengal & Sikkim. The Northern Limit of Monsoon as on 28 May 2006, passes through 16.0°N/ 60.0°E, 16.0°N/ 70.0°E, 16.0°N/ 72.0°E, Vengurla, Bellary, Ongole, 17.0°N/ 85.0°E, 20.0°N/ 89.0°E, Gangtok (through Bangladesh). Weather Model products indicate that monsoon current over Arabian Sea may remain strong during next 4-5 days. The monsoon is expected to remain active over Coastal Karnataka and adjoining north Kerala during next 48 hours leading to its further advancement into remaining parts of coastal Karnataka during this period. There is a good probability of formation of a low pressure system off Konkan coast embedded within a north-south Off- shore trough around 1st June, 2006 which is expected to move northward. This may lead to further progress of monsoon covering areas of Konkan & Goa coast (including Mumbai), adjoining interior regions by 1st June, 2006 and north Konkan & adjoining Gujarat region by 2nd June, 2006. Under the influence of low pressure system and strong monsoonal flow, there is possibility of occurrence of heavy to very heavy rains at a few places in these areas during this period. On the eastern side, conditions are favourable for onset of monsoon over Sub-himalayan West Bengal and remaining parts of Sikkim

during next 48 hours. Nonetheless, no further progress beyond these regions, is expected subsequently till 2nd June, 2006.

## WEATHER WATCH (28.05.06)

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

#### Weather Outlook

During past 24 hours, rainfall has occurred at most places over Kerala, Lakshadweep, Coastal Karnataka and Northeastern states, at many places over South Konkan & Goa; at a few places over Andaman & Nicobar Islands, North Interior Karnataka, Gangetic West Bengal, Uttaranchal, south Madhya Maharashtra, and Jharkhand and at isolated places over Himachal Pradesh, Uttar Pradesh, Sub Himalayan West Bengal & Sikkim, Orissa, Marathwada, Vidarbha, Madhya Pradesh and Andhra Pradesh. The significant amounts of rainfall (in cm) recorded at 08.30 a.m. today are: Cherapunji-61, Kozhikode- 19, Karipur-15, Kannur-14, Mangalore-13, Shirali-11, Passighat-10, Amini Divi, Kochi, Honavar-8 each, Valparai, Kailashar- 7 each, Agartala, Kottayam-6 each, Pantnagar, Alapuzha, North Lakhimpur, Belgaum-5 each, Daltonganj, Agathi, Minicoy-4 each A western disturbance is likely to approach J&K and adjoining area during next 24 hours which may cause isolated to scattered rainfall/snowfall in the hilly regions and isolated thunderstorm activity over adjoining plains of NW India till 1st June, 2006.

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

Hilly regions of NW India viz. J&K, H.P. and Uttaranchal are likely to experience isolated to scattered rainfall/snowfall during 29 May- 1 June 06. Isolated thundershowers may occur over parts of plains of NW India during this period.

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

Isolated to scattered rains/ thundershowers are likely in Bihar, Orissa and Jharkhand. Fairly widespread to widespread rains / thundershowers are likely in NE States and Sub-Himalayan West Bengal. Conditions are favorable for onset of monsoon over Sub-himalayan West Bengal and remaining parts of Sikkim during next 48 hours.

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

Entire region is likely to experience isolated thunder storm activity during next 3-4 days.

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

Widespread rains with scattered heavy to very heavy falls are likely over North Kerala, Lakshadweep, and Coastal Karnataka. Fairly widespread rains with isolated falls are also likely over South Kerala, Interior Karnataka and coastal AP and scattered over rest region during next 3-4 days.

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

Widespread rains with scattered heavy to very heavy rains are expected to start around 1st June in Konkan & Goa and Gujarat region. Madhya Maharashtra and Marathwada may also receive fairly widespread rains around this period. South Rajasthan may also receive scattered rainfall activity beginning from 2nd June. Isolated rain accompanied with thunderstorm/duststorm activity is expected in North Rajasthan during next 3-4 days.

## TECHNICAL ANALYSIS

Commodity: **Guar Seed**

Perspective: Very Short Term (Weekly)

### NCDEX July Contract

**Candlestick:** Formation of candlestick is showing somewhat bullish sentiment and steady to weak opening.

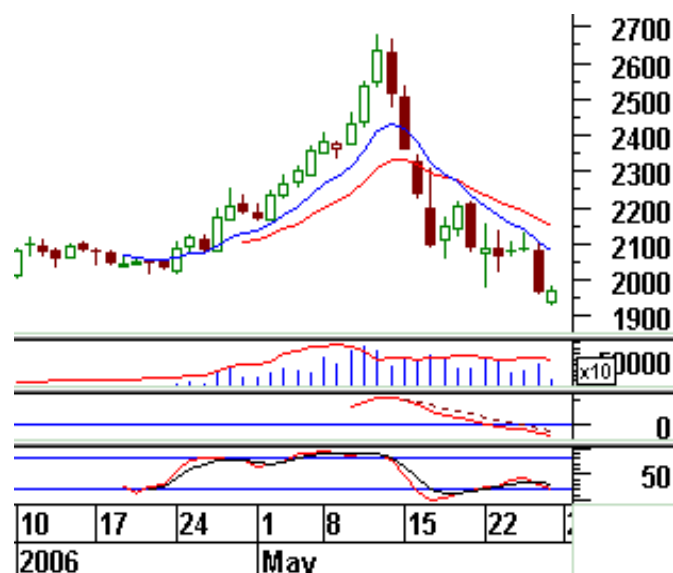
**Stochastic:** The stochastic is bearish. The %K line after crossing %D line from above moving downwards to oversold region showing some downtrend..

**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 bearish sentiments for first couples of days in the coming week with possibility of somewhat upwards movement in the rest of the day's in the coming week.



Commodity: **Guar Gum**

Perspective: Very Short Term (Weekly)

### NCDEX July Contract

**Candlestick:** Formation of candlestick is showing somewhat bullish sentiment and steady to weak opening.

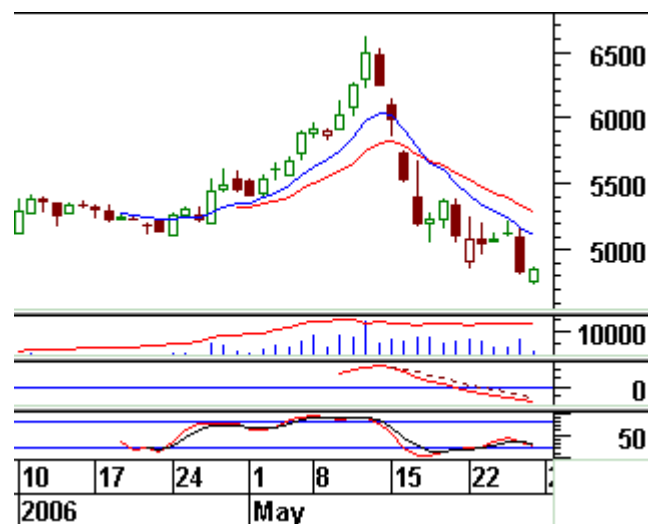
**Stochastic:** The stochastic is bearish. The %K line after crossing %D line from above moving downwards to oversold region showing some downtrend..

**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 bearish sentiments for first couples of days in the coming week with possibility of somewhat upwards movement in the rest of the day's in the coming week.



### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>  
© 2005 Indian Agribusiness Systems Pvt Ltd