

GUAR SEED and GUAR GUM

June 17th -June24th 2006

MAJOR ACTIVITY HIGHLIGHTS

- Guar Physical Market Remained Weak
- Guar Futures: Witnessed Some Bearish Tone

MARKET COMMENTARY OF MAJOR MARKETS

The strong speculative selling activities of the actors in futures on the IMD's projection of S.W. Monsoon to revive during next few days over northern, central and western parts of India slid to guar seed and gum very lower level on National Commodity and Derivatives Exchange. The downward trends in the futures market was no doubt governing by monsoon as well as lackluster trading activity in the spot markets. The sellers are more interested to trade for a short period amid uncertain weather conditions. Increased speculative selling interest pressurized the futures and traded at lower sides almost throughout the week. However, some profit booking activities at the lower levels recovered the futures at the weekend from some of the previous losses. The August futures touched the lowest level of the week at Rs.1930 per quintal. The volume was seen moving upwards whereas; open interest was witnessed steady at some higher-level throughout the week. The July contract traded in the range of 1833-1890, while the August contract fluctuated in the range of 1877-1948 during weekend. At the Jodhpur market it was quoted lower in the range of Rs 1980-2025 per quintal in this week under review. At the Bikaner market it was offered lower levels also in the range of Rs 1850-1940 per quintal, while at the Nokha market it was traded at Rs.1810-1862 per quintal in this week. At the Sriganganagar market it was available at Rs.1800-1900 per quintal during this week under review. It is expected that the guar futures would witness some bearish sentiment for the coming week on revival of monsoon prediction.

Some weakness continued in all of the domestic spot markets of guar. The plunged of guar prices was mainly following the sharply bearish tone of futures market. Moreover decreasing market activity due to confusion over vagaries mood of monsoon also underpinning physical market sentiments. Uncertain monsoon activity also kept major traders at sidelines. IMD's projection on favourable advancement of the S.W. monsoon after overcoming the weak phase was no doubt governing the market tone. The stockiest were not in mood to release their stocks presently. Everybody related to guar closely monitoring the S.W. monsoon progress for further direction. Millers demand for processing guar seed remained steady at lower price levels. Farmers closely monitoring the monsoon progress in order to taking sowing decision. Sowing of guar usually picks up momentum in Rajasthan in July-August. Any short fall in rainfall in this period severely affect the sowing. Farmers of these areas should wait for sowing their kharif guar crops until the arrivals of monsoon rains. According to

some traders, the guar farmers likely to diversify towards moong due to higher market prices of it. However, the monsoon progress, amount of rainfall and comparative advantage of different suitable commodities would decide the guar market sentiments in coming futures. Amidst such circumstances, the prices of guar seed as well as guar gum are expected to witness some bearish sentiments on the anticipation of favourable monsoon progress.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Date	Bikaner	Jodhpur		Nokha
		B line	M line	
17.06.06	1890	1975	1950	1830
24.06.06	1890-1900	1980-1985	1955-1960	1840
Change	+10	+10	+10	+10

Market Commentary on Guar Gum

The guar gum futures also traded with a similar sentiment during this week and August futures tested lowest level in this week at Rs.4850 per quintal. The July contract for guar gum traded in the range of Rs. 4730-4868 while the August contract fluctuated in the range of 4815-4965 during weekend.

At the physical markets guar gum was quoted lower in the wide range of Rs 4900-5150 per quintal in Jodhpur market during this week under review.

Price Movement of Guar Seed and Gum at NCDEX

(Prices of guar in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
17.06.06	1867.75	1856.25	5021.90
19.06.06	1883.50	1880.80	5100.00
20.06.06	1893.65	1915.75	5153.10
21.06.06	1891.80	1905.60	5137.50
22.06.06	1918.75	1915.85	5165.60
23.06.06	1852.50	1869.20	5050.00
24.06.06	1863.40	1873.70	5062.50
Change	-4.35	+17.45	+40.60

Guar Seed Futures Prices at NCDEX

Dates	July Contract		Aug Contract		Sep Contract	
	Open	Close	Open	Close	Open	Close
17.06.06	1952	1921	2021	1979	2071	2032
19.06.06	1921	1889	1970	1939	2020	1987
20.06.06	1892	1941	1947	2000	1995	2045
21.06.06	1952	1921	2007	1974	2057	2015
22.06.06	1930	1956	1980	2017	2025	2060
23.06.06	1955	1863	2025	1914	2051	1959
24.06.06	1870	1882	1906	1934	1964	1974

Guar Gum Futures Prices at NCDEX

Dates	July Contract		Aug Contract		Sep Contract	
	Open	Close	Open	Close	Open	Close
17.06.06	4927	4873	5007	4960	5080	5059
19.06.06	4900	4794	4960	4874	5055	4974
20.06.06	4877	4941	4920	5014	5028	5116
21.06.06	4890	4911	5030	4994	5170	5081
22.06.06	4950	5021	5021	5107	5050	5185
23.06.06	5000	4807	5100	4880	5280	4971
24.06.06	4805	4857	4933	4936	4940	5032

Monsoon Outlook (25.06.06)

Yesterday, offshore trough run from south Konkan & Goa to Kerala coasts now it runs from south Gujarat to Kerala coast. Rain/thundershowers with isolated very heavy falls have occurred over Konkan & Goa, Coastal Karnataka, Kerala, northeastern States and Sub-Himalayan West Bengal & Sikkim. Scattered rains have also occurred over central and northwest India during past 24 Hrs. Model predictions suggest that the strength of cross equatorial flow, moisture contain over Arabian Sea are likely to maintain during next 3-4 days. A cyclonic circulation is likely to develop over west central Bay of Bengal around 29 June. Conditions are favorable for further advance of southwest monsoon over remaining parts of Gujarat and Chhattisgarh, many parts of east Uttar Pradesh and some parts of south Rajasthan and Madhya Pradesh during next 3-4 days. The chief amount of rainfall observed since 8:30 IST on 25 June are: Mangalore and Kozhikode-11 each, Honavar-8, Cannur-7, Shirali, Goa and Karipur-6 each, Dahanu and Jalpaiguri-5 each, Ratnagiri and Gorakhpur-4 each.

WEATHER WATCH (25.06.06)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Weather Outlook

Yesterday's upper air cyclonic circulation over Marathwada & adjoining Vidarbha extending upto mid

tropospheric levels now lies over Madhya Maharashtra and neighbourhood. Under its influence rain/thundershower activity may continue over these areas during next 24-36 Hrs. Isolated pre-monsoon thundershower may continue over plains of NW India viz. Punjab, Haryana, Delhi and west U.P. during 2-3 days. Hilly regions of NW India may receive isolated rainfall/snowfall during next 2-3 days.

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

Isolated rain/snowfall is likley over J&K and H.P. during next 2 days. Plains of NW India viz. Punjab, Haryana, Delhi and West U.P. may continue to receive isolated rains/thundershower.

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

Scattered to fairly widespread rains / thundershowers with isolated heavy rains are likely over Sub Himalayan West Bengal and NE States. Isolated to scattered rainfall is likely over rest areas of the region during next 2-3 days. Subsequently east Uttar Pradesh may experience increase in rains. Fairly widespread to widespread with isolated heavy rains are expected over Orissa, West Bengal, Bihar and Jharkhand during next 3-4 days.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Vidarbha, Chattisgarh and east M.P. are likely to receive fairly wide spread rains during 3-4 days.

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

Fairly widespread to widespread rainfall is likely over Andman & Nicobar Islands, Kerala, Lakshadweep, Karnataka and Andhra Pradesh during next 3-4 days. Tamilnadu is likely to receive scattered rainfall during next 4-5 days.

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

Fairly wide spread with isolated heavy rainfall is likely over Konkan & Goa. Madhya Maharashtra, Marathwada and south Gujarat are likely to receive scattered to fairly wide spread rainfall during next 2-3 days. Rest region are likely to experience mainly dry weather during this period.

Source: GOI (NCMRWF & IMD)

TECHNICAL ANALYSIS

Commodity: **Guar Seed**

Perspective: Very Short Term (Weekly)

NCDEX August Contract

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

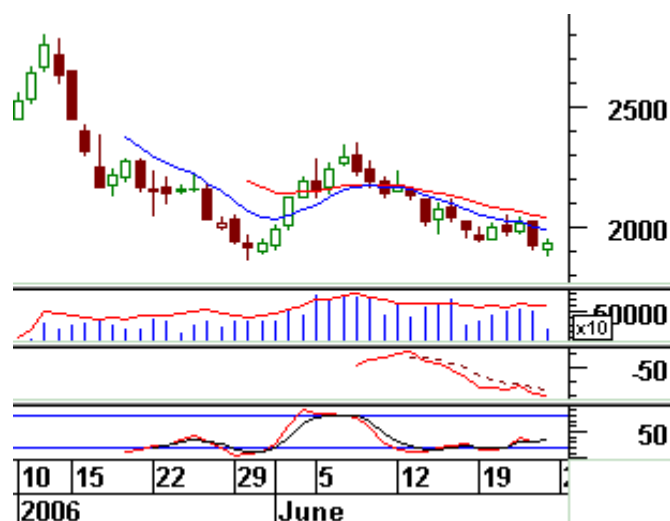
Stochastic: The stochastic is bullish. The % K line after crossing the % D line from below moving towards normal region showing bullish trend.

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 some bearish sentiment on favourable monsoon arrivals.



Commodity: **Guar Gum**

Perspective: Very Short Term (Weekly)

NCDEX August Contract

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

Stochastic: The stochastic is bullish. The % K line after crossing the % D line from below moving towards normal region showing bullish 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 gum futures are expected to witness some bearish sentiment on favourable monsoon arrivals.



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