

GUAR SEED and GUAR GUM

June 10th -June17th 2006

MAJOR ACTIVITY HIGHLIGHTS

- Guar Physical Market Turned to Weak on Lack of Demand
- Guar Futures: Witnessed Some Bearish Sentiments

MARKET COMMENTARY OF MAJOR MARKETS

The IMD's declaration of revival in S.W. monsoon rains by June 19 over the extreme south peninsula and strong speculative selling activities of the players in futures slid to guar seed and gum very lower level on National Commodity and Derivatives Exchange. The downward trends in futures market was mainly underpinned by revival of monsoon, and somewhat lower demand in spot markets. Increased speculative selling interest pressurized the futures and traded sharply downwards almost throughout the week. The August futures touched the lowest level of the week at Rs.1954 per quintal at the weekend. The volume as well as open interest was seen at some higher levels in this week. The July contract traded in the range of 1889-1952, while the August contract fluctuated in the range of 1954-2021 during weekends. At the Jodhpur market it was quoted lower in the range of Rs 1975-2100 per quintal in this week under review. At the Bikaner market it was offered lower levels also in the range of Rs 1870-2000 per quintal, while at the Nokha market it was traded at Rs.1830-1960 per quintal in this week. At the Sriganganagar market it was available at Rs.1820-1920 per quintal during this week under review. It is expected that the guar futures would witness some bearish sentiment for first couples of days on revival of monsoon prediction. However, the futures may get supported and traded upwards for rest of the days in the coming week.

The guar's prices in all of the domestic spot markets witnessed some weakness as against previous weeks' firm sentiments on lower buying support. The confusion among traders on the vagaries attitude of monsoon kept them at sidelines. The anticipation of lower rainfall from the weak phase of S.W. monsoon motivated buyers during the previous week. But, IMD's prediction of a revival of monsoon rains by June 19 over the extreme south peninsula has eased their activity. Moreover, sudden rainfall in some parts of Rajasthan and Haryana due to development of lower pressure area led some of the buyers to remain inactive. Market, no doubt, has been reacting impulsively to this weather factor. The bearish sentiment of futures market is also underpinning the spot market tone. The arrivals reportedly steady at some lower levels. However, some demand for the guar seed was reported in Sri Ganganagar, where buyers were reported active from Barmer and Jodhpur belts. The demand from millers remained lower at higher price levels. Farmers closely monitoring the monsoon progress in order to taking sowing decision. According to some traders, the guar farmers likely to diversify towards moong due to higher market prices of

it.. The current lull in rains is causing delay in the sowing of guar seed, though it is too early to say whether this delay will eventually reduce total output. Amidst such circumstances, the prices of guar seed as well as guar gum are expected to witness some bearish sentiments for first couple of days in the week on increased speculative buying activities on the anticipation of lower rainfall.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Date	Bikaner	Jodhpur		Nokha
		B line	M line	
10.06.06	1960	2100	2075	1900
17.06.06	1890	1975	1950	1830
Change	-70	-125	-125	-70

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.4892 per quintal. The July contract for guar gum traded in the range of Rs. 4816-4939 while the August contract fluctuated in the range of 4905-5007 during weekend.

At the physical markets guar gum was quoted lower in the wide range of Rs 4850-5250 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
10.06.06	1967.50	1931.70	5169.45
12.06.06	2020.85	2006.35	5333.35
13.06.06	1964.40	1942.40	5237.50
14.06.06	1869.00	1890.25	5100.00
15.06.06	1861.35	1877.70	5041.65
16.06.06	1939.30	1912.70	5187.50
17.06.06	1867.75	1856.25	5021.90
Change	-99.75	-75.45	-147.55

Guar Seed Futures Prices at NCDEX

Dates	June Contract		July Contract		Aug Contract	
	Open	Close	Open	Close	Open	Close
10.06.06	2049	1976	2115	2057	2188	2134
12.06.06	2000	2009	2071	2092	2148	2164
13.06.06	2001	1973	2093	2055	2157	2128
14.06.06	1962	1880	2045	1951	2118	2019
15.06.06	1900	1932	1960	2004	2030	2071
16.06.06	1955	1924	2020	1967	2085	2029
17.06.06	1910	1883	1952	1921	2021	1979

Guar Gum Futures Prices at NCDEX

Dates	June Contract		July Contract		Aug Contract	
	Open	Close	Open	Close	Open	Close
10.06.06	5055	4917	5220	5058	5337	5171
12.06.06	5000	5041	5173	5168	5250	5291
13.06.06	5100	4950	5187	5092	5335	5210
14.06.06	4970	4745	5052	4863	5166	4972
15.06.06	4800	4891	4910	4991	5044	5105
16.06.06	4901	4883	5025	4964	5130	5064
17.06.06	4720	4754	4927	4873	5007	4960

Monsoon Outlook (18.06.06)

The southwest monsoon has been continuously in weak phase since 8th June. The prevailing conditions of weak monsoon may continue during next 48 Hrs.. Model predictions suggest that the favourable conditions are likely to develop for possible revival of southwest monsoon over south peninsular India beginning from 20th June. However revival of monsoon may not of classical type.

WEATHER WATCH (18.06.06)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Weather Outlook

Western disturbances prevailed over J&K and adjoining region during past week. ! Yesterday's western disturbance over J&K and adjoining hilly region is moving away in eastward direction. Under the situation, rainfall/snowfall activity over J&K, H.P. and Uttranchal is expected to be scattered in next 24 Hrs. Thereafter, rainfall/snowfall activity over hilly region is likely to reduce further. Adjoining plains of NW India viz. Punjab and Haryana including Delhi are likely to receive isolated rain/thundershowers during next 24 Hrs

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

Western disturbance over J&K and adjoining hilly region is moving away in eastward direction. Rainfall/snowfall activity

over J&K, H.P. and Uttranchal is likely to reduce to scattered. Adjoining plains of NW India viz. Punjab and Haryana including Delhi are likely to receive isolated during next 24 Hrs.

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

Fairly widespread rains / thundershowers are likely over NE States and isolated over rest areas of the region except over East UP where it may be mainly dry during next 3-4 days.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

The region is likely to experience mainly dry weather during next 3-4 days. However, isolated rains /thundershowers may occur over the region. Vidarbha, Chattisgarh and east M.P. may receive scattered to fairly wide spread rains from 21st June.

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

Scattered rainfall is likely over Andaman & Nicobar Islands, Kerala, Lakshadweep and Coastal Karnataka and isolated over rest areas of the region. Rainfall activity over Lakshadweep, Kerala and Coastal Karnataka is likely to increase beginning from 19-20 June.

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

Konkan & Goa, may receive isolated to scattered rains during next 2-3 days and increase thereafter. Other areas of the region are likely to experience mainly dry weather during this period. Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rains during 22-23 June and increase thereafter.

Source: GOI (NCMRWF & IMD)

TECHNICAL ANALYSIS

Commodity: **Guar Seed**

Perspective: Very Short Term (Weekly)

NCDEX August Contract

Candlestick: Formation of candlestick is showing bearish sentiment 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 for first couples of days on revival of monsoon prediction. However, the futures may get supported and traded upwards for rest of the days in the coming week.



Commodity: **Guar Gum**

Perspective: Very Short Term (Weekly)

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

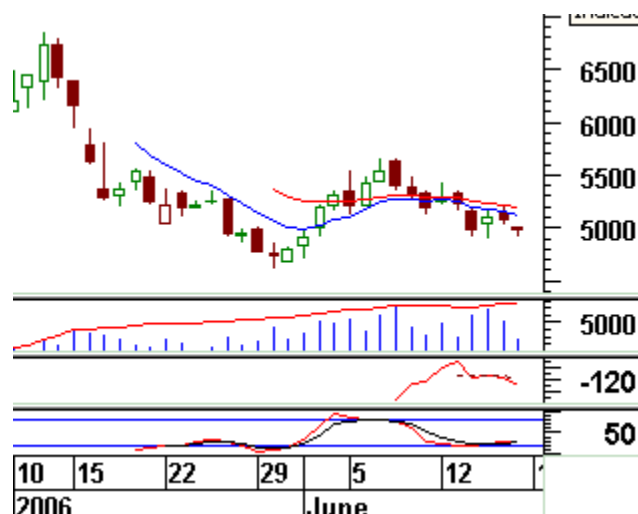
Stochastic: The stochastic is bullish. The % K line after crossing the % D line from below moving towards normal region showing bullish trend.

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 for first couples of days on revival of monsoon prediction. However, the futures may get supported and traded upwards for rest of the days in the coming week.



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