

## GUAR SEED and GUAR GUM

May 29<sup>th</sup> -June 03<sup>rd</sup>, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Guar Physical Market Witnessed Somewhat Bearish Tone
- Guar Futures: Traded at Lower Sides in the First Parts

### MARKET COMMENTARY OF MAJOR MARKETS

The guar futures at the NCDEX continued its downtrend due to rapid speculative selling interest, which was triggered off by rapid advance of monsoon, weak arrivals and demand in spot markets due to sluggish export buying. The lackluster trading activity and confusion over monsoon progress restricted buyers' interest. However, during the last part of the week, the buyers got motivated and their increased buying support at the lower levels lifted the futures at some higher levels. The July futures touched the lowest of the week at Rs.1806 per quintal. The volume was decreasing followed by somewhat improvement at the last part of the week. Open interest was seen at some steady sides in this week. The demand remains steady at higher price levels. At the Jodhpur market it was quoted lower in the wide range of Rs 1900-2020 per quintal in this week under review. At the Bikaner market it was offered lower levels also in the range of Rs 1800-1915 per quintal, while at the Nokha market it was traded at Rs.1768-1924 per quintal in this week. At the Sriganganagar market it was available at Rs.1765-1900 per quintal during this week under review. It is expected that the guar futures would witness somewhat bullish sentiments for first half of the coming week and downwards movement in the rest half in the coming week.

The guar prices in all of the domestic spot markets in the country remained at some lower levels almost throughout the week followed by somewhat improvement at the last part of the week. The bearish tone in the spot markets is mainly due to the rapid speculative selling in futures market, which was influenced by rapid advance of monsoon, weak arrivals and decreasing seller activity in spot markets. The sluggish export demand also underpinning market sentiments. Moreover, bearish tone of the futures market kept away the sellers from spot market. The buyers and sellers have been waiting for the upward trade in the futures market. The demand from millers remained at steady on meagre arrivals. The arrivals reportedly steady at lower sides and reportedly 600-900 bags/day in Jodhpur market, whereas, 150-250 bags/day in Bikaner market. Traders attributed that the demand would increase when the futures recovered sharply. Everybody related with guar trading eyeing towards futures market sentiments as well as monsoon progress. If the monsoon now advances without any delay it will benefit the farmers and sowing of guar seed in advance but it is important to see the spread of the rains during the entire season. The progress of monsoon in the coming days will determine the market tone.

### Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Date	Bikaner	Jodhpur		Nokha
		B line	M line	
27.05.06	1890	2020-2025	1995-2000	1800
03.06.06	1980	2020	1995	1924
<b>Change</b>	+90	-	-	+124

### 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.4491 per quintal. The near month June contract for guar gum traded in the range of Rs. 4930-5100 while the July contract fluctuated in the range of 5041-5260 during weekend.

At the physical markets guar gum was quoted sharply lower in the wide range of Rs 4800-5100 per quintal in Jodhpur market during this week under review. The prices of guar gum are expected to witness bullish sentiments for first couples of days in the coming week with possibility of somewhat downwards movement in the last 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
27.05.06	1845.25	1904.30	5086.20
29.05.06	1824.60	1855.95	4944.45
30.05.06	1760.55	1802.60	4804.00
31.05.06	1784.40	1795.50	4775.00
01.06.06	1795.00	1796.70	4815.60
02.06.06	1921.65	1881.65	5056.25
03.06.06	1990.00	1924.90	5175.00
<b>Change</b>	+144.75	+20.60	+88.80

## Guar Seed Futures Prices at NCDEX

Dates	June Contract		July Contract		Aug Contract	
	Open	Close	Open	Close	Open	Close
27.05.06	1875	1898	1940	1955	2000	2017
29.05.06	1909	1825	1968	1879	2031	1936
30.05.06	1826	1805	1877	1854	1931	1908
31.05.06	1800	1813	1842	1866	1900	1929
01.06.06	1805	1868	1857	1921	1923	1987
02.06.06	1866	1974	1941	2052	2005	2127
03.06.06	1956	2028	2036	2108	2128	2195

## Guar Gum Futures Prices at NCDEX

Dates	June Contract		July Contract		Aug Contract	
	Open	Close	Open	Close	Open	Close
27.05.06	4720	4724	4764	4819	4930	4952
29.05.06	4710	4542	4840	4637	4985	4758
30.05.06	4635	4528	4720	4623	4750	4727
31.05.06	4525	4575	4600	4678	4675	4790
01.06.06	4490	4713	4601	4804	4840	4916
02.06.06	4700	4947	4849	5079	5000	5197
03.06.06	4970	5081	5041	5204	5205	5316

## Monsoon Outlook (04.06.06)

The northern limit of monsoon still continues to pass through 22°N/60.0°E, 22°N/68°E, Porbandar, Rajkot, Ahmedabad, Baroda, Pune, Sholapur, Kurnool, Ongole, 17° N/85.0°E, 20°N/89° E and Gangtok. Satellite and conventional observations have shown considerable decrease in rainfall activity over west coast during past 24 Hrs. Model predictions further indicate for weakening of monsoon current over Arabian Sea. Conditions are favorable for formation of a low pressure area over head Bay of Bengal during next 24-36 Hrs. Model predictions suggest that the system may slightly move in west-northwest direction. However there is little chance of this system moving much in land. Majority of models indicate of overall weakening of the monsoon system over the country during next 4-5 days.

## WEATHER WATCH (04.06.06)

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

#### Weather Outlook

During past 24 hours, fairly widespread rainfall has occurred over Coastal Karnataka, Konkan & Goa, south Madhya Maharashtra, coastal Orissa and East Uttar Pradesh. Scattered rainfall has occurred over Jammu & Kashmir, Uttarakhand, Himachal Pradesh, West Madhya Pradesh, Kerala, Lakshadweep, Taminadu and South

Interior Karnataka. The day temperature over NW and central India are likely to further rise by about 4-5 degree C during next 5 days. Parts of Rajasthan, Haryana, M.P. and Maharashtra may experience above normal temperatures during 6-9 June06. Eastern states viz. Bihar, Jharkhand, Orissa, West Bengal, Assa, and NE states are likely to experience fall in day temperatures by about 3 degree C during next 3-4 days. ! The chief amounts of rainfall (in cm) recorded at 08.30 hrs IST today over different parts of the country are: Bhubaneswar-13, Lucknow, Alibag-8 each, Kozhikode-6, Harnai, Shiralli-5 each, Behraich, Cuttack-4 each, Karwar, Mukteshwar and Mumbai-3 each, Satara, Gaya, Srinagar, and Satna-1 each.

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

Uttarakhand may continue to have fairly wide spread rains with isolated heavy rainfall during next 24 Hrs. Scattered rainfall is likely over J&K, Himachal Pradesh and Uttarakhand during 9-10 June06..

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

Fairly widespread to widespread rains / thundershowers are likely over Bihar, Orissa, West Bengal and NE States. Scattered to fairly wide spread rains/ thundershowers are likely over east U.P. during next 24 -36 Hrs.

## CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Entire region is likely to experience mainly dry weather except isolated to scattered rainfall activity during next 24 hours.

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

Fairly widespread with isolated heavy falls are likely over coastal Karnataka and Andaman & Nicobar islands. Scattered rains are likely over Kerala, Interior Karnataka and south coastal AP. Isolated rains are expected over rest areas of the region during next 3-4 days. Rainfall over Kerala may increase from 8 Jun06.

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

The region is likely to experience mainly dry weather conditions.

**Source:** GOI (NCMRWF & IMD)

## 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 firm opening.

**Stochastic:** The stochastic is bullish. The %K line after crossing the %D line from below moving northwards to normal region showing some up trend.

**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 bullish sentiments for first couples of days in the coming week with possibility of somewhat downwards 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 firm opening.

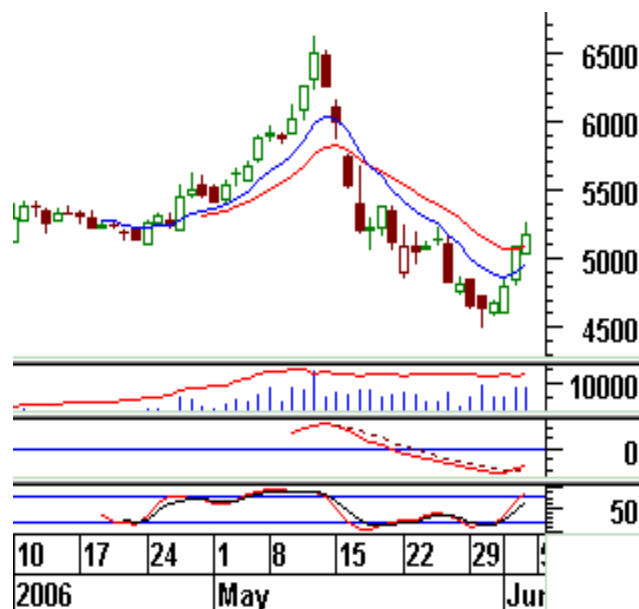
**Stochastic:** The stochastic is bullish. The %K line after crossing the %D line from below moving northwards to normal region showing some up trend.

**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 gum futures are expected to witness bullish sentiments for first couples of days in the coming week with possibility of somewhat downwards movement in the rest of the day's in the coming week.



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