

## GUAR SEED and GUAR GUM

June 03<sup>rd</sup> -June 10<sup>th</sup>, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Guar Physical Market Improved from early Weakness
- Guar Futures: Witnessed Some Bullish Sentiments

### MARKET COMMENTARY OF MAJOR MARKETS

The IMD's declaration of weak monsoon and strong speculative activities of the players in futures boosted guar seed and gum on National Commodity and Derivatives Exchange. The upward trends in futures market was mainly underpinned by weak advancement of monsoon, weak arrivals and good demand in spot markets. Increased speculative buying interest at the lower levels lifted the futures and traded at higher sides almost throughout the week. However, at the weekend, the increased profit booking motives pressurized the futures and curbed some of the early advances. The July futures touched the highest level of the week at Rs.2259 per quintal. The volume as well as open interest was seen at some steady sides in this week. At the Jodhpur market it was quoted higher in the wide range of Rs 2050-2175 per quintal in this week under review. At the Bikaner market it was offered lower levels also in the range of Rs 1950-2050 per quintal, while at the Nokha market it was traded at Rs.1900-1987 per quintal in this week. At the Sriganganagar market it was available at Rs.1900-2020 per quintal during this week under review. It is expected that the guar futures would witness some bullish sentiments in the coming week on increased speculative buying interest due to weak monsoon projection.

The guar prices in all of the domestic spot markets in the country witnessed some improvement over previous week on increased buying support. The demands from stockiest have been increasing on speculation of lower rainfall from S.W. monsoon. The buyers got motivated on IMD's projection that S.W. monsoon is likely to go into weak phase beginning from 8th June leading to overall decrease in rainfall activity over the country. The arrivals were reportedly steady at some lower levels. The lower arrivals coupled with good demand mainly governing the market tone. Moreover, sharply bullish sentiments of the futures market also underpinning physical market direction. However, the demand from millers remained lower at higher price levels. The arrivals reportedly steady at lower sides and reportedly 600-900 bags/day in Jodhpur market, whereas, 150-250 bags/day in Bikaner market. The traders were mostly confused over monsoon progress but they were optimistic about further increase of prices. 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. Amidst such circumstances, the prices of guar seed as well as guar gum are expected to witness some

bullish sentiments 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	
03.06.06	1980	2020	1995	1924
10.06.06	1960	2100	2075	1900
<b>Change</b>	-20	+80	+80	-24

### Market Commentary on Guar Gum

The guar gum futures also traded with a similar sentiment during this week and July futures tested highest level in this week at Rs.5518 per quintal. The near month June contract for guar gum traded in the range of Rs. 4995-5164 while the July contract fluctuated in the range of 5135-5288 during weekend.

At the physical markets guar gum was quoted higher in the wide range of Rs 5025-5250 per quintal in Jodhpur market during this week under review. It is expected that the guar futures would witness some bullish sentiments in the coming week however, futures may be resisted at higher level and there is a possibility of some downwards trading at the last part of the week.

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

(Prices of guar in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
03.06.06	1990.00	1924.90	5175.00
05.06.06	2026.90	1979.15	5325.00
06.06.06	1978.10	1956.75	5262.50
07.06.06	2080.00	2036.55	5425.00
08.06.06	2056.80	2018.15	5400.00
09.06.06	1980.25	2007.70	5254.70
10.06.06	1967.50	1931.70	5169.45
<b>Change</b>	+67.50	+6.80	+5.55

## Guar Seed Futures Prices at NCDEX

Dates	June Contract		July Contract		Aug Contract	
	Open	Close	Open	Close	Open	Close
03.06.06	1956	2028	2036	2108	2128	2195
05.06.06	2049	1986	2115	2061	2195	2145
06.06.06	2000	2065	2075	2150	2165	2240
07.06.06	2083	2113	2176	2203	2264	2291
08.06.06	2122	2053	2216	2144	2300	2224
09.06.06	2040	2028	2142	2104	2240	2179
10.06.06	2049	1976	2115	2057	2188	2134

## Guar Gum Futures Prices at NCDEX

Dates	June Contract		July Contract		Aug Contract	
	Open	Close	Open	Close	Open	Close
03.06.06	4970	5081	5041	5204	5205	5316
05.06.06	5135	4941	5198	5077	5349	5195
06.06.06	5008	5136	5182	5295	5220	5414
07.06.06	5237	5250	5382	5411	5450	5543
08.06.06	5250	5106	5480	5262	5625	5379
09.06.06	5045	5051	5230	5179	5382	5303
10.06.06	5055	4917	5220	5058	5337	5171

## Monsoon Outlook (12.06.06)

South-west monsoon continues to be in weak phase for 5th consecutive day with subdued rainfall activity prevailing over most parts of the country, except Northeastern States where fairly widespread rains with isolated heavy falls are taking place. . Chief amount of rainfall (cm) during past 24 hours reported at 08.30 am today are: Silchar-17, Passighat-8, Kailashahar-5, Guwahati-3, Tezpur-2. . Consensus forecast based on model products available for next 7 days does not suggest possibility of revival of monsoon till 18th June and hence continuance of prevailing conditions. . With the weak monsoon phase and persistent dry weather conditions, heat wave conditions continue to prevail over north Rajasthan. The day temperatures over rest of plains of northwest India, Uttar Pradesh and adjoining Madhya Pradesh are prevailing between 42-44°C. Predictions indicate possibility of development of heat waves in some of these areas. . The eastern parts e.g. Bihar, Jharkhand, Orissa and West Bengal may also experience rise in temperatures during next 2-3 days. There is also possibility of development of Heat Wave condition in these areas in the later part of the week.

## WEATHER WATCH (12.06.06)

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

### Weather Outlook

The prevailing western disturbance over J&K is expected to remain near stationary for some time. Under its influence isolated rainfall/snowfall may continue over hilly regions of NW India during next 3-4 days. Under the influence of a prevailing western disturbance, dry dust raising winds from west Rajasthan and neighbourhood have engulfed large parts of Rajasthan and plains of NW India. This situation may continue for another 24-36 hours.

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

Under the influence of a western disturbances, J&K, H.P. and Uttranchal are likely to receive isolated rainfall/snowfall during next 3-4 days.

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

Fairly widespread rains / thundershowers are likely over NE States and isolated to scattered over rest areas of the region except over East UP where it may be mainly dry during next 4-5 days.

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

Isolated rains /thundershowers are expected over Chhatisgarh and mainly dry weather over rest of the region during next 3-4 days.

### 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.

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

Konkan & Goa, may receive isolated to scattered rains during next 3-4 days. Other areas of the 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 July Contract

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

**Stochastic:** The stochastic is bearish. The % K line after crossing the % D line from the above moving towards oversold region showing some down trend with possibility of some upwards correction.

**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 in the coming week with possibility of somewhat downwards movement in the later part of 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 bearish. The % K line after crossing the % D line from the above moving towards oversold region showing some down trend with possibility of some upwards correction.

**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 in the coming week with possibility of somewhat downwards movement in the later part of the coming week.



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