

GUAR SEED and GUAR GUM

July 17-22, 2006

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Turned Bearish on Weekend Rainfalls**
- **Guar Futures: Weekend Slide Curb Early Advances**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Futures Market

The guar futures at the NCDEX traded range bound at a higher level during the week starting 17th July 2006. The week started with some losses across all the guar seed as well as guar gum contracts following the physical market trend. However, increased buying interest at the lower levels supported the futures thereafter. Talks of lower-than-expected rainfall in guar producing areas have underpinned the futures market sentiments and the futures tested 1-month highs during the mid-week. The July contract exodus also played a significant role to contribute towards the higher volatility during the mid-week. However, profit taking capped further advances and the futures traded sharply downwards at the weekend to curb most of the early gains. The volume of trade remained higher during the mid-week, while the open interest has declined for the near-month August contract during the week. Guar Seed August contract traded in the range of 1958-2045, while the most-active September contract fluctuated in the range of 1996-2098. Guar Gum August contract traded in the range of 5003-5233, while the most-active September contract fluctuated in the range of 5075-5300 during Saturday's trade. Guar futures are likely to trade with a bearish sentiment on likely rainfall over the guar producing areas.

Guar Physical Market

Guar traded with a firm sentiment during the week starting 17th July 2006. The week started with Rs 30-50 per quintal loss in guar seed prices across different markets following report of rainfall in parts of guar producing area. However, prices firmed up yet again as rainfall remained mostly confined to the Eastern parts of the state thereafter. The market remained highly volatile at the higher levels during the mid-week as IMD announced that South West monsoon has further advanced into remaining parts of East Rajasthan and some more parts of West Rajasthan. Guar is highly water sensitive crop and requires 8-15 inches of rainfall in 3-4 spells during the entire crop cycle. Normally, it requires 1-2 spell of rain before sowing of the crop that usually starts during mid-July to early-August. At the Jodhpur market guar seed was quoted in a higher range of Rs.2010-2075 per quintal, while at the Bikaner market it was offered between Rs.1900-1940 per quintal during this week. At the Jodhpur market prices of guar gum remained in a higher range of Rs.5175-5304 per quintal during this week. Market sentiment is now totally governed by the climatic factors, as traders are closely eyeing the minute details of SW monsoon. Rainfall in Rajasthan in general

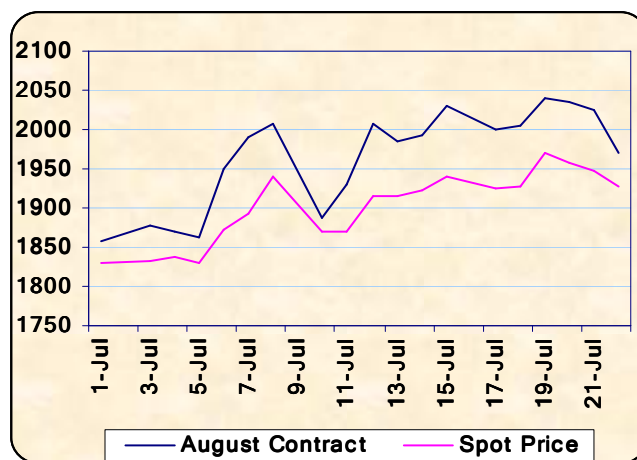
and West Rajasthan in particular, would put a bearish impact on guar prices and vice-versa. Guar seed as well as guar gum are likely to trade with a bearish sentiment amidst expectations of rainfalls over the guar producing areas.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		22.07.06	15.07.06	
Guar Seed	Bikaner	1900	1940	-40
	Jodhpur	2035	2050	-15
	Nokha	1860	1920	-60
	Sriganganagar	1900	1905	-5
Guar Gum	Jodhpur	5200	5250	-50

Price Movement of Jodhpur Spot and NCDEX Aug Contract



Weekly Change of Guar Seed and Gum Futures at NCDEX

(Prices in Rs/qt)

Contract	Guar Seed	Guar Gum
August-2006	-61.00	-145.00
September-2006	-67.00	-168.00
October-2006	-63.00	-179.00

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
15.07.06	1961.75	1940.80	5255.70
17.07.06	1944.50	1925.50	5187.00
18.07.06	1945.45	1927.25	5221.65
19.07.06	1979.10	1968.80	5317.00
20.07.06	1993.75	1957.10	5288.95
21.07.06	1966.25	1948.75	5262.95
22.07.06	1934.00	1927.55	5215.35
Change	-27.75	-13.25	-40.35

Guar Seed Futures Prices at NCDEX

Dates	Aug Contract		Sept Contract		Oct Contract	
	Open	Close	Open	Close	Open	Close
15.07.06	1995	2031	2036	2074	2075	2111
17.07.06	2028	1999	2070	2039	2120	2079
18.07.06	2005	2004	2047	2046	2085	2086
19.07.06	2010	2039	2058	2089	2098	2131
20.07.06	2023	2034	2075	2085	2115	2131
21.07.06	2023	2026	2071	2075	2118	2120
22.07.06	2031	1970	2082	2007	2125	2048

Guar Gum Futures Prices at NCDEX

Dates	Aug Contract		Sept Contract		Oct Contract	
	Open	Close	Open	Close	Open	Close
15.07.06	5139	5176	5225	5262	5360	5358
17.07.06	5177	5091	5225	5165	5300	5287
18.07.06	5124	5108	5103	5181	5250	5287
19.07.06	5130	5215	5225	5303	5319	5385
20.07.06	5164	5208	5235	5291	5370	5364
21.07.06	5150	5194	5252	5273	5360	5355
22.07.06	5233	5031	5300	5094	5352	5179

Monsoon Watch and Weather Outlook (15.07.06)

Yesterday's low pressure area over central parts of north Madhya Pradesh and adjoining Uttar Pradesh now lies over northwest Madhya Pradesh and adjoining east Rajasthan.

The seasonal trough passes through Jodhpur, center of low pressure area, Umaria, Ambikapur, Daltonganj, Shantiniketan and thence southeastwards. Under its influence widespread rainfall activity with isolated heavy to very heavy falls are likely over West Madhya Pradesh, Gujarat, East Rajasthan, Konkan & Goa and Madhya Maharashtra during next 48 hours.

Model predictions suggest that monsoon trough is likely to be south of its normal position during next 2-3 days. Rainfall activities may be less over Indo-Gangetic plain, NE States and more over Central and Peninsula India.

Model predictions also suggest that another **low pressure area** is likely to form over NW Bay of Bengal around 28 July. It may intensify further and rainfall activities may enhance over Orissa, West Bengal and Jharkhand. Isolated rainfall is expected over Rayalseema and Tamil Nadu during next 3 days.

Zone-wise Weather Forecast

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

Fairly widespread rainfall is likely over H.P., Punjab and Haryana during next 48 hrs. Scattered rainfall is expected over west U.P. and Uttaranchal during next 3-4 days.

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

Scattered to Fairly widespread rainfall are likely over West Bengal, Jharkhand and Orissa next 2-3 days then it may increase. Scattered rainfall is likely over East U.P., Bihar and NE States during next 3-4 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Fairly widespread with isolated heavy rainfall is likely over Madhya Pradesh, Chhattisgarh and Vidarbha during next 2-3 days. Then rainfall activities may reduce.

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

Fairly widespread rainfall with isolated heavy rains is likely over Kerala, Karnataka, Telangana and coastal Andhra Pradesh during next 2-3 days. Isolated rainfall is likely over Tamil Nadu and Rayalseema during 2-3 days.

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

Widespread rainfall with isolated heavy fall is likely to continue over Konkan & Goa. Madhya Maharashtra and Marathwada are also likely to receive fairly widespread rainfall with isolated heavy fall during next 2-3 days. Widespread rainfalls with isolated heavy falls are likely over Gujarat and East Rajasthan during next 2 days and reduce subsequently.

Source: GOI (NCMRWF & IMD)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX September Contract

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

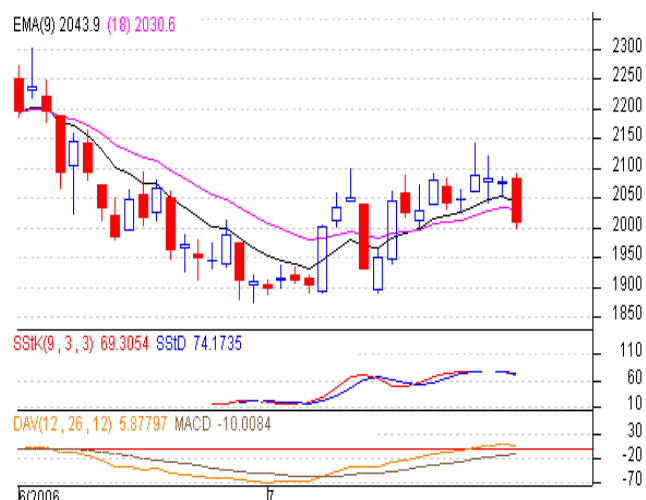
Stochastic: The stochastic is bearish. The %K line after cutting the %D line from above, moving downwards in the normal region, hinting further downtrend.

MACD: The MACD (5-day) along with its EMA moving upwards in the negative territory, indicating short-term strength in the market.

Alignment pattern: The alignment pattern of moving averages is supporting the downtrend.

Market Outlook:

Guar seed futures are expected to trade moderately upwards in the coming couple of days. However, the futures may witness some downward movement during the later half of the coming week.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX September Contract

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

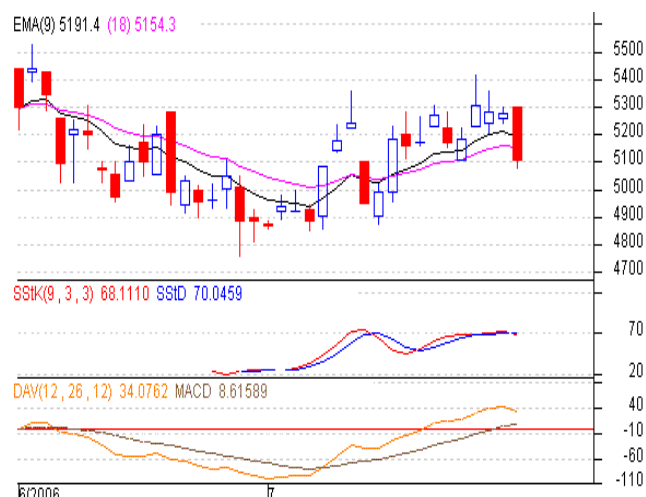
Stochastic: The stochastic is bearish. The %K line after cutting the %D line from above, moving downwards in the normal region, hinting further downtrend.

MACD: The MACD (5-day) along with its EMA moving upwards, indicating short-term strength in the market.

Alignment pattern: The alignment pattern of moving averages is supporting the downtrend.

Market Outlook:

Guar gum futures are expected to trade moderately upwards in the coming couple of days. However, the futures may witness some downward movement during the later half of the coming week.



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