

## GUAR SEED and GUAR GUM

July 10-15, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- **Guar Witness Firm Sentiment on Inadequate Rainfall**
- **Guar Futures: Surged Up to Pare Early Weakness**

### MARKET COMMENTARY OF MAJOR MARKETS

#### Guar Futures Market

The guar futures at the NCDEX slide significantly at the start of the week and pared most of the gains secured during previous week. The August contract tested this week's low on Tuesday. However, buoyed by inadequate rainfall in the guar producing belt of Rajasthan and consequent firmness in the physical market, the guar futures surged up during the mid-week onwards. Though some profit booking occurred later, yet the futures ruled at some higher level for rest of the week. The volume of trade has declined, while the open interest remained almost steady at the higher side for the most-active August contract during the week. The Guar Seed July contract traded in the range of 1964-2004, while the August contract fluctuated in the range of 1995-2046 during Saturday's trade. In a similar fashion, the Guar Gum July contract traded in the range of 5084-5135, while the August contract fluctuated in the range of 5139-5215 during Saturday's trade. The guar futures are likely to trade with a firm sentiment; however, profit taking can cap further advances later in the week.

#### Guar Physical Market

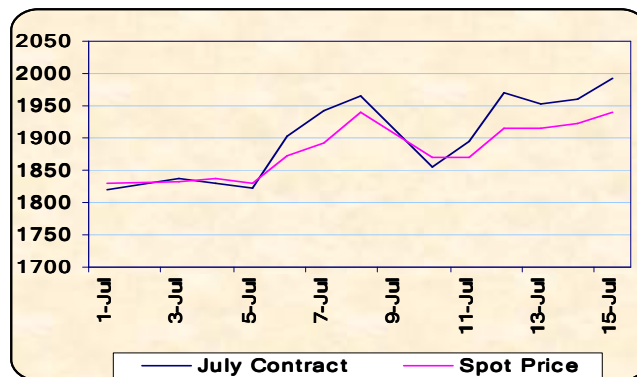
At the physical markets guar remained highly volatile during the week starting 10<sup>th</sup> July 2006. The week started with a highly bearish sentiment as South West monsoon entered the major guar producing state of Rajasthan. However, rainfall was mostly confined to the Eastern parts of the state, which lead the guar prices to recover smoothly thereafter. Though some rainfall was reported from some pockets of guar producing areas, yet it was inadequate for the sowing of the crop. 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. Despite Indian Meteorological Department's forecast of showers in West Rajasthan during the week, the actual scenario was quite opposite. Eventually, the early downfall in guar prices was pared and the prices jumped to match previous week's prices. At the Jodhpur market guar seed was quoted in the range of Rs.1925-2050 per quintal, while at the Bikaner market it was offered between Rs.1830-1940 per quintal during this week. At the Jodhpur market prices of guar gum remained in the range of Rs.5044-5250 per quintal during this week. Guar seed as well as guar gum are likely to trade firm until adequate rainfall occurs in the major producing belt of Rajasthan.

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

(Prices in Rs/qt)

Particular	Centre	Date		Change
		15.07.06	08.07.06	
Guar Seed	Bikaner	1940	1880	<b>+60</b>
	Jodhpur	2050	2000	<b>+50</b>
	Nokha	1920	1850	<b>+70</b>
	Sriganganagar	1905	1910	<b>-5</b>
Guar Gum	Jodhpur	5250	5200	<b>+50</b>

#### Price Movement of Jodhpur Spot and NCDEX July Contract



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

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
08.07.06	1969.15	1940.65	5325.40
10.07.06	1848.30	1871.05	5065.35
11.07.06	1851.45	1868.95	5051.55
12.07.06	1939.50	1915.00	5187.00
13.07.06	1924.75	1914.30	5204.35
14.07.06	1928.10	1921.30	5200.00
15.07.06	1961.75	1940.80	5255.70
<b>Change</b>	<b>-7.40</b>	<b>+0.15</b>	<b>-69.70</b>

## Guar Seed Futures Prices at NCDEX

Dates	July Contract		Aug Contract		Sept Contract	
	Open	Close	Open	Close	Open	Close
08.07.06	1945	1966	1994	2008	2043	2053
10.07.06	1943	1854	2000	1888	2041	1932
11.07.06	1826	1894	1860	1929	1895	1960
12.07.06	1871	1970	1924	2008	1945	2048
13.07.06	1970	1953	2011	1985	2058	2026
14.07.06	1945	1960	1972	1992	2011	2031
15.07.06	1964	1992	1995	2031	2036	2074

## Guar Gum Futures Prices at NCDEX

Dates	July Contract		Aug Contract		Sept Contract	
	Open	Close	Open	Close	Open	Close
08.07.06	5091	5074	5149	5161	5220	5258
10.07.06	5025	4781	5051	4860	5100	4944
11.07.06	4749	4865	4800	4931	4900	5008
12.07.06	4830	5033	4895	5106	4985	5191
13.07.06	5050	5016	5070	5085	5200	5172
14.07.06	5020	5033	5070	5094	5165	5180
15.07.06	5100	5107	5139	5176	5225	5262

## Monsoon Watch and Weather Outlook (15.07.06)

The low pressure area over head Bay of Bengal and adjoining Gangetic West Bengal moved in a west-northwesterly direction and now lies over Jharkhand & neighbourhood as a well marked low pressure area. It is likely to move in a west-northwesterly direction. Under its influence widespread rainfall activity with scattered heavy to very heavy falls is likely over Jharkhand, Chhattisgarh, Orissa and East Madhya Pradesh during next 24 hrs. Subsequently the rainfall activity is likely to increase over West Madhya Pradesh and adjoining Uttar Pradesh.

Isolated heavy rainfall activity is expected over northwest India during next 3-4 days.

Ongoing fairly widespread rainfall activity along the west coast is likely to increase during next 2-3 days specially over Konkan & Goa including Mumbai. Rainfall activities over peninsula are likely increase during next 3-4 days.

A western disturbance is likely to approach northwest India around 21 July, 2006. Rainfall activity may increase from 21 July over Northwest India.

## Zone-wise Weather Forecast

**NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**  
Isolated rainfall is expected over northwest India during next 3 days. Rainfall activity may increase from 21 July, 2006

**EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]**  
Widespread rainfall with isolated heavy rains is likely over Orissa, West Bengal, and Jharkhand during next 2-3 days. Scattered rainfall is expected over East U.P., Bihar and NE States.

**CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]**  
Fairly widespread with isolated heavy rainfall is likely over Chhattisgarh and East Madhya Pradesh during next 2 days then may extend to west M.P. Scattered to fairly widespread rainfall is likely over Vidarbha after 48 hrs.

**SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]**  
Fairly widespread with isolated heavy rainfall is likely over Kerala and coastal Karnataka during next 48 hrs. Scattered rainfall is likely over Tamil Nadu and Karnataka during next 24 hrs. Rainfall activity may increase after 17 July, 06.

**WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]**  
Widespread with isolated heavy rainfall is likely to continue over Konkan & Goa. Madhya Maharashtra, Marathwada and Gujarat, are also likely to receive isolated rainfall during next 2 days. Rainfall activity may increase thereafter. Fairly widespread rainfall is likely over East Rajasthan after 2 days.

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

## TECHNICAL ANALYSIS

### Commodity: Guar Seed

#### Perspective: Very Short Term (Weekly) NCDEX August Contract

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

**Stochastic:** The stochastic is bullish. The %K line after cutting the %D line from below, moving upwards in the normal region, hinting further uptrend.

**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 uptrend.

#### 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 August Contract**

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

**Stochastic:** The stochastic is bullish. The %K line after cutting the %D line from below, moving upwards in the normal region, hinting further uptrend.

**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 uptrend.

### 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.



### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>  
© 2005 Indian Agribusiness Systems Pvt Ltd