

## GUAR SEED and GUAR GUM

July 24-29, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- **Guar Turned Bearish on Rainfall over Producing Areas**
- **Guar Futures: Slide from Early Highs on Weather Concerns**

### MARKET COMMENTARY OF MAJOR MARKETS

#### Guar Futures Market

Guar futures at the NCDEX traded mostly bearish during this week. The week started with a positive note and the futures extended the advances further to test this week's high on Tuesday. However, the futures immediately ran into profit taking and could not hold the highs thereafter. Moreover, the report of rainfall over guar producing areas also encouraged speculative selling activities that kept the market under pressure for the rest of the week. The volume of trade has declined through the week after registering significant increase at the start, while the open interest remained mostly steady at the higher side during this week under review. Guar Seed August contract traded in the range of 1930-1955, while the most-active September contract varied in between 1964-2011. Guar Gum August contract traded in the range of 4910-4959, while the most-active September contract fluctuated in the range of 4972-5062 during Saturday's trade. The guar futures are likely to trade with a firm sentiment in the coming couple of days with possibility of some downward movement during the later half of the coming week.

#### Guar Physical Market

Guar witnessed a bearish sentiment during the week, though the week started with Rs 25-40 per quintal gain in guar seed prices across different markets. The sharp gain in guar prices on Monday was attributed to inadequate rainfall in West Rajasthan as compared to East Rajasthan. The advances were extended on Tuesday as well, when it touches this week's high. However, prices started sliding thereafter on reports of monsoon showers over guar producing areas and forecast of continued rainfall activities by IMD. 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 starts during mid-July to early-August. At the Jodhpur market guar seed was quoted in the range of Rs.1990-2060 per quintal, while at the Bikaner market it was offered between Rs.1870-1935 per quintal during this week. At the Jodhpur market prices of guar gum remained in the range of Rs.5122-5304 per quintal during this week. Though the long-term outlook for guar remains firm on lower carry-forward stocks and good demand from both overseas and domestic market, yet the medium-term outlook is seen bearish on possibility of further rainfall over guar producing areas. Rainfall in Rajasthan in general and

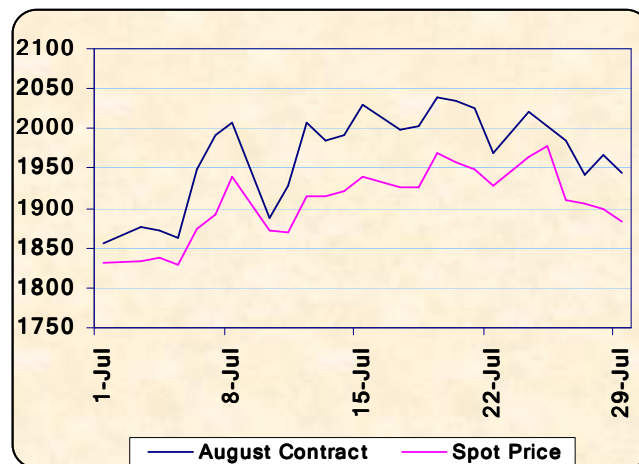
West Rajasthan in particular, would put a bearish impact on guar prices and vice-versa.

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

(Prices in Rs/qt)

Particular	Centre	Date		Change
		29.07.06	22.07.06	
Guar Seed	Bikaner	1890	1900	-10
	Jodhpur	1990-2000	2035	-45
	Nokha	1830	1860	-30
	Sriganganagar	1900	1900	-
Guar Gum	Jodhpur	5122	5200	-78

#### 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	-26.00	-83.00
September-2006	-29.00	-76.00
October-2006	-36.00	-80.00

## Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
22.07.06	1934.00	1927.55	5215.35
24.07.06	1976.90	1963.60	5304.00
25.07.06	1977.70	1977.50	5392.70
26.07.06	1917.50	1910.00	5206.50
27.07.06	1909.55	1906.45	5205.85
28.07.06	1926.25	1898.75	5179.30
29.07.06	1901.45	1882.65	5129.00
<b>Change</b>	<b>-32.55</b>	<b>-44.90</b>	<b>-86.35</b>

## Guar Seed Futures Prices at NCDEX

Dates	Aug Contract		Sept Contract		Oct Contract	
	Open	Close	Open	Close	Open	Close
22.07.06	2031	1970	2082	2007	2125	2048
24.07.06	1970	2020	2010	2064	2041	2103
25.07.06	2040	2003	2075	2045	2110	2079
26.07.06	1991	1985	2027	2024	2061	2063
27.07.06	1972	1942	2021	1976	2062	2010
28.07.06	1960	1966	1988	2003	2014	2040
29.07.06	1955	1944	1995	1978	2032	2012

## Guar Gum Futures Prices at NCDEX

Dates	Aug Contract		Sept Contract		Oct Contract	
	Open	Close	Open	Close	Open	Close
22.07.06	5233	5031	5300	5094	5352	5179
24.07.06	5000	5173	5101	5251	5225	5343
25.07.06	5250	5149	5298	5232	5490	5323
26.07.06	5075	5087	5200	5161	5220	5251
27.07.06	5011	4957	5165	5024	5151	5102
28.07.06	5049	5012	5075	5090	5180	5167
29.07.06	4920	4948	5062	5018	5091	5099

## Monsoon Watch and Weather Outlook (29.07.06)

Yesterday's well marked low pressure area over coastal areas of West Bengal & Orissa and adjoining northwest Bay of Bengal moved west-northwestwards and now lies over Jharkhand and adjoining areas of north Orissa and north

Chhattisgarh. The system is likely to move further in a west northwesterly direction. Under its influence widespread rainfall with scattered heavy to very heavy falls is likely over Chhattisgarh and East Madhya Pradesh during next 24-48 Hrs. Fairly widespread rainfall with isolated heavy to very heavy rainfall is also likely over north Telangana, Vidarbha and Jharkhand during next 2 days.

Low pressure area over West Madhya Pradesh and adjoining southeast Rajasthan now lies over southeast Rajasthan and adjoining West Madhya Pradesh and Gujarat. Under its influence, ongoing widespread rainfall with very heavy falls at a few places and extremely heavy rainfall (more than 25 cm) at isolated places is likely to continue over Gujarat, Konkan & Goa (including Mumbai) and Madhya Maharashtra during next 2-3 days.

The axis of monsoon trough passes through Barmer, center of low pressure area, Sagar, Satna, center of well marked low pressure area, Digha and thence southeastwards to east central Bay of Bengal.

Monsoon is likely to be active from Orissa to Gujarat during next 2-3 days.

Model predictions indicate that another low pressure is likely to form over NW Bay of Bengal in next 2-3 days.

## Zone-wise Weather Forecast

**NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**  
Ongoing rainfall over J&K, H.P., Punjab and Haryana west U.P. is likely to reduce.

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

Scattered rainfall is likely to continue over West Bengal and NE States during next 24 Hrs. Then it may reduce over NE States. Widespread with isolated heavy rainfall is likely over Orissa, Gangetic West Bengal, Chhattisgarh, and Jharkhand during next 3-4. East UP and Bihar is likely to receive scattered rainfall.

**CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]**

Fairly widespread to widespread rainfall with isolated heavy rains is likely over Chhattisgarh, Vidarbha and Madhya Pradesh during next 2-3 days.

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

Ongoing rainfall activities over Kerala, Karnataka, Telangana and Coastal Andhra Pradesh are likely to increase. Isolated to scattered rainfall is likely over Tamil Nadu and Rayalseema during 3-4 days.

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

Fairly wide spread to widespread rainfall with isolated heavy to very heavy falls is likely to continue over Konkan & Goa and south Gujarat during next 2 days. Madhya Maharashtra and Marathwada are also likely to receive fairly widespread rainfall with isolated heavy fall during next 2-3 days. Fairly widespread rainfall with isolated heavy falls is likely over Gujarat and East Rajasthan during next 48 Hrs.

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

## TECHNICAL ANALYSIS

### Commodity: Guar Seed

#### Perspective: Very Short Term (Weekly)

#### NCDEX September Contract

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

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

**MACD:** The MACD (5-day) along with its EMA moving downwards in the negative territory, indicating short-term weakness 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 trend reversal pattern and steady to firm opening.

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

**MACD:** The MACD (5-day) along with its EMA moving downwards, indicating short-term weakness 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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