

## GUAR SEED and GUAR GUM

June 24<sup>th</sup> -July 01<sup>st</sup> 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Guar Physical Market Remained Weak
- Guar Futures: Witnessed Some Bearish Tone

### MARKET COMMENTARY OF MAJOR MARKETS

The speculative selling interest of the players in futures on the anticipation of favourable monsoon progress coupled with pre monsoon showers in major guar producing states pushed down the guar seed and gum further at lower level on National Commodity and Derivatives Exchange. Moreover, the market was shaken with the news of ban on guar seed. Lacklustre trading activity in spot market and confusion over monsoon attitude led the sellers to trade for a short period. Increased speculative selling interest pressurized the guar seed futures almost throughout the week and slid down at contract months' low. The August futures touched the lowest level of the contract month at Rs.1833 per quintal at the weekend. The volume was seen highly fluctuating and up trend during last part of the week whereas; open interest was witnessed steady at some higher-level throughout the week. The July contract for guar seed traded in the range of 1810-1832, while the August contract fluctuated in the range of 1845-1873 during weekend. At the Jodhpur market it was quoted lower in the range of Rs 1900-1985 per quintal in this week. At the Bikaner market it was offered lower levels also in the range of Rs 175-1900 per quintal, while at the Nokha market it was traded at Rs.1780-1840 per quintal in this week. At the Sriganganagar market it was available at Rs.1775-1835 per quintal during this week under review. It is expected that the guar futures would witness some bullish sentiments during first half of the coming week on good demand amidst lower arrivals. However, price may slid to lower level during rest half of the coming week on the anticipation of favourable monsoon progress.

Guar prices plunged in majority of domestic markets in the week. The anticipation of favourable arrivals of S.W. monsoon in the major guar growing belts had pressurised the market tone. The pre monsoon showers and sand storm in different parts of Rajasthan and Haryana had decreased the market activity. Downtrend in futures market motivated buyers to keep themselves at sideline. The sellers' activity remained very less in lower price levels. Moreover, on the news of export ban of guar seed by the Ministry of Commerce also shaken the market at weekend. However, It is talk in the market that exports demand from guar seed is increased. The carry forward stocks reportedly lower as against last year. The stocks almost finished in different spot markets of Rajasthan. such as Nokha, Burmer etc. According to some traders Sriganganagar as well as Hunumannagar districts of Rajasthan still having comparatively good stocks and guar seed was reportedly supplied to different parts from these belts. The stockiest

were not in mood to release their stocks presently. Everybody related to guar closely monitoring the S.W. monsoon progress for further direction. Millers demand for processing guar seed remained steady at lower price levels. Sowing of guar usually picks up momentum in Rajasthan in July-August. Any short fall in rainfall in this period severely affect the sowing. On the other hand, favourable monsoon activity would lead to prevail bearish tone at market in coming future.

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

(Prices in Rs/qt)

Date	Bikaner	Jodhpur		Nokha
		B line	M line	
24.06.06	1890-1900	1980-1985	1955-1960	1840
01.07.06	1800	1915-1920	1870-1895	1780
<b>Change</b>	-100	-65	-65	-60

### Market Commentary on Guar Gum

The guar gum futures also traded with a similar sentiment during this week and August futures tested lowest level in this week at Rs.4795 per quintal. The July contract for guar gum traded in the range of 4690-4749 and the August contract fluctuated in the range of 4690-4749 during weekend.

At the physical markets guar gum was quoted lower in the wide range of Rs 4925-5075per quintal in Jodhpur market during this week under review.

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

(Prices of guar in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
24.06.06	1863.40	1873.70	5062.50
26.06.06	1838.95	1852.70	5000.00
27.06.06	1847.90	1861.50	5000.00
28.06.06	1868.55	1874.15	5100.00
29.06.06	1808.65	1833.40	4970.75
30.06.06	1812.30	1820.15	4912.95
01.07.06	1812.05	1831.15	4923.55
<b>Change</b>	-51.35	-42.55	-138.95

## Guar Seed Futures Prices at NCDEX

Dates	July Contract		Aug Contract		Sep Contract	
	Open	Close	Open	Close	Open	Close
24.06.06	1870	1882	1906	1934	1964	1974
26.06.06	1875	1850	1925	1896	1956	1945
27.06.06	1859	1854	1895	1899	1945	1945
28.06.06	1850	1891	1895	1942	1937	1990
29.06.06	1875	1830	1933	1871	1976	1916
30.06.06	1815	1830	1856	1870	1902	1910
01.07.06	1821	1815	1872	1854	1905	1898

## Guar Gum Futures Prices at NCDEX

Dates	July Contract		Aug Contract		Sep Contract	
	Open	Close	Open	Close	Open	Close
24.06.06	4805	4857	4933	4936	4940	5032
26.06.06	4810	4752	4870	4844	5000	4943
27.06.06	4810	4782	4868	4866	4956	4958
28.06.06	4760	4869	4922	4959	5000	5055
29.06.06	4760	4754	4905	4815	5010	4897
30.06.06	4705	4727	4800	4802	4900	4883
01.07.06	4715	4710	4800	4790	4875	4865

## Monsoon Outlook (01.07.06)

A **Well marked low pressure area** lies over north Bay of Bengal with associated upper air cyclonic circulation extending upto mid-tropospheric levels. It is likely to intensify as **Depression** during next 24 hrs and move in west-northwest direction across Orissa- Chattisgarh and Madhya Pradesh . Under the influence of the system widespread with isolated heavy rainfall is expected over Orissa ,Coastal ,Andhra Pradesh and Jharkhand during next 2-3 days. This activity is likely to extend into Chhattisgarh, East Madhya Pradesh, Vidarbha, East Uttar Pradesh and Telangana subsequently. As the system starts moving inland after 2 days the rainfall activity over Konkan & Goa, Madhya Maharashtra and South Gujarat is also likely to increase with heavy to very heavy falls at few places and also isolated extremely heavy rainfall over these areas.

Another upper air cyclonic circulation lies over south Gujarat and north Konkan coasts extending between 2.1 and 7.6 km above sea level. It is likely to oscillate over the region during next 3 days. Under its influence fairly widespread rains with heavy to very heavy falls are likely over south Gujarat, Konkan coast and Madhya Maharashtra. Model predictions suggest that the monsoon is likely to be in active phase and may further advance over remaining parts of West Uttar Pradesh, West Madhya Pradesh ,East Rajasthan Uttaranchal Punjab and remaining of Haryana during next 5 days . The chief amount of rainfall (cm) observed since 8:30 IST of today are : Mahabaleshwar-16,

Mumbai (Colaba)-10, Dahanu-6, Dibrugarh-6, Alibag-5, Mumbai (Santacruz)-5, Veraval-5, Puri-5, Sagar-4. An off shore though extends from north Konkan to Karnataka coast. Isolated Heavy to very heavy rainfall activity may continue over Konkan , Goa and Coastal Karnataka.

## WEATHER WATCH (01.07.06)

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

#### Weather Outlook

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

Isolated rainfall is likely over J&K H.P. , Punjab, Haryana, Delhi and West U.P during next 3 days. Rainfall activity may increase over West Uttar Pradesh subsequently.

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

Scattered to fairly widespread rains / thundershowers with isolated heavy rains are likely over Sub Himalayan West Bengal and NE States. Fairly widespread to widespread with isolated heavy rains are expected over Orissa, West Bengal and Jharkhand Bihar and East Uttar Pradesh during next 4-5 days.

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

Ongoing rainfall activities over Vidarbha, Chattisgarh and East M.P. are likely to increase after 48 hrs. Fairly wide spread rainfall with isolated heavy rains during next 4 days. West M.P. is likely to receive fairly wide spread rains after 72 hrs.

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

Fairly widespread to widespread rainfall with isolated heavy rains is likely over Andaman & Nicobar Islands, Kerala, Lakshadweep, Karnataka and Andhra Pradesh during next 4-5 days. Tamilnadu is likely to receive scattered rainfall.

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

Fairly wide spread with isolated heavy rainfall is likely over Konkan & Goa. Madhya Maharashtra, Marathwada, Gujarat ,East Rajasthan during next 4-5 days. Isolated thundershower is expected over West Rajasthan.

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

## TECHNICAL ANALYSIS

Commodity: **Guar Seed**

Perspective: Very Short Term (Weekly)

### NCDEX August Contract

**Candlestick:** Formation of candlestick is showing somewhat bearish tone and steady to weak opening.

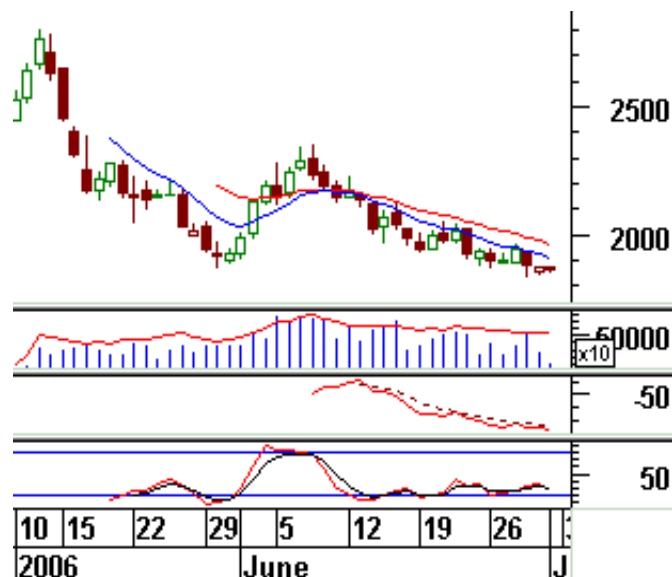
**Stochastic:** The stochastic is bullish. The % K line after crossing the % D line from above moving towards oversold region showing bearish trend.

**MACD:** The MACD (5-day) along with its EMA moving downwards. Showing some weakness in the market.

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

### Market Outlook:

Guar seed futures are expected to witness some bullish sentiments during first half of the coming week on good demand amidst lower arrivals. However, price may slid to lower level during rest half of the coming week on the anticipation of favourable monsoon progress.



Commodity: **Guar Gum**

Perspective: Very Short Term (Weekly)

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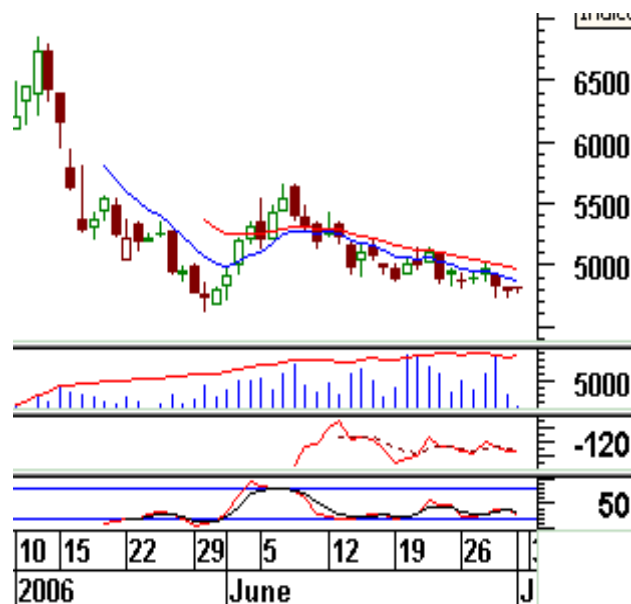
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Guar gum futures are expected to witness some bullish sentiments during first half of the coming week on good demand amidst lower arrivals. However, price may slid to lower level during rest half of the coming week on the anticipation of favourable monsoon progress.



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