

## GUAR SEED and GUAR GUM

July 01<sup>st</sup> -08<sup>th</sup> 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Guar Physical Market Remained Firm
- Guar Futures: Witnessed Some Bullish Tone

### MARKET COMMENTARY OF MAJOR MARKETS

The speculative buying interest on the weak progress of monsoon in the main guar producing states coupled with good demand from buyers in the spot market improved the guar seed and gum prices on National Commodity and Derivatives Exchange. Increasing buyers' interest amidst lower arrivals in spot market led the actors of futures to trade for a long. Increased speculative buying interest at the lower levels supported the futures through out the week and the August contract reached the futures to weeks' high at Rs. 2051 per quintal at the weekend. The volume as well as Open interest was seen increasing. The July contract traded in the range of 1945-2005, while the August contract fluctuated in the range of 1994-2051 during weekend. At the Jodhpur market it was quoted higher in the range of Rs 1915-2000 per quintal in this week. At the Bikaner market it was offered higher levels also in the range of Rs 1800-1880 per quintal, while at the Nokha market it was traded at Rs.1780-1850 per quintal in this week. At the Sriganganagar market it was available at Rs.1790-1910 per quintal during this week under review. It is expected that the guar futures would witness some upwards tone during first half of the coming week on good demand amidst lower arrivals. However, price may down during rest half of the coming week on the anticipation of favourable monsoon arrival.

Guar prices improved somewhat from early plunged in majority of domestic markets in the week, as so far there is no rainfall noticed in main Guar growing belts of India. Low-pressure area developed over Madhya Pradesh has weakened and now lies in south Rajasthan, which led to reduce rainfall across Maharastra and Gujarat. Monsoon is expected to weaken further in the next few days. While rainfall during next couples of days is crucial for sowing of guar seed and with this delayed rainfall, sowing may get delayed. Sharply bullish tone in futures market on speculative buying activities has been also underpinning the physical market sentiments. Moreover, some rumour on monsoon also mushrooming in different spot markets. There is a talk in market that 25-30 lac tonne Guar seed and 25,000 tonne of Guar Gum is kept, as stock all over the India and which is enough up to October of this year only. Monsoon will play a crucial role in deciding the sentiments of upcoming market, as so far there is no rainfall noticed in main Guar growing areas of India and as a result there is no sowing of Guar has been witnessed. Good demand was witnessed from traders to hedging guar seed against futures market. Millers demand for processing guar seed remained steady at lower price levels. Farmers closely

monitoring the monsoon progress in order to taking sowing decision. 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. However, Traders are optimistic about rising of guar prices in coming futures.

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

(Prices in Rs/qt)

Date	Bikaner	Jodhpur		Nokha
		B line	M line	
01.07.06	1800	1915-1920	1870-1895	1780
08.07.06	1880	2000	1975	1850
<b>Change</b>	+80	+80	+80	+70

### Market Commentary on Guar Gum

The guar gum futures also traded with a similar sentiment during this week and August futures tested highest level in this week at Rs.5260 per quintal. The July contact for guar gum traded in the range of Rs. 5063-5173 while the August contract fluctuated in the range of 5140-5260 during weekend.

At the physical markets guar gum was quoted lower in the wide range of Rs 4925-5200 per 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
01.07.06	1812.05	1831.15	4923.55
03.07.06	1825.50	1833.40	4950.65
04.07.06	1825.20	1838.60	4959.05
05.07.06	1809.50	1830.10	4940.15
06.07.06	1847.25	1873.35	5031.00
07.07.06	1913.20	1893.30	5135.00
08.07.06	1969.15	1940.65	5325.40
<b>Change</b>	+157.10	+109.50	+401.85

### Guar Seed Futures Prices at NCDEX

Dates	July Contract		Aug Contract		Sep Contract	
	Open	Close	Open	Close	Open	Close
01.07.06	1821	1819	1872	1857	1905	1899
03.07.06	1817	1838	1855	1877	1910	1918
04.07.06	1838	1830	1885	1871	1922	1912
05.07.06	1835	1822	1875	1863	1915	1905
06.07.06	1809	1902	1852	1949	1892	1998
07.07.06	1910	1942	1958	1991	2010	2040
08.07.06	1945	1963	1994	2004	2043	2052

### Guar Gum Futures Prices at NCDEX

Dates	July Contract		Aug Contract		Sep Contract	
	Open	Close	Open	Close	Open	Close
01.07.06	4715	4716	4800	4789	4875	4865
03.07.06	4750	4768	4800	4855	4918	4942
04.07.06	4790	4769	4871	4839	4920	4926
05.07.06	4795	4746	4850	4811	4930	4886
06.07.06	4790	4929	4780	4996	4899	5077
07.07.06	4988	5004	5030	5091	5140	5186
08.07.06	5091	5070	5149	5151	5220	5240

### Monsoon Outlook (07.07.06)

Yesterday's feeble low over south Rajasthan become unimportant. The seasonal trough has shifted to foot hills of Himalayas. Model prediction suggest that the subdued rainfall activity is expected over peninsula except Tamilnadu, Central India and plains of northwest India. Widespread with **heavy to very rainfall** activity is likely over Sub-Himalayan West Bengal, northeastern States and foot hills Indogangetic plains. The chief amount of rainfall (cm) reported at different parts of country are : Jalpaiguri-25, Cooch Behar-18, Dibrugarh-9, Porbandar-8, Mahabaleshwar & Passighat-7 each, Bhira-6, Nalia & Okha-5 each.

### WEATHER WATCH (07.07.06)

#### NORTH & NORTH NORTHWEST INDIA [J&K, HP, UTTANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Scattered rainfall are expected are likely over J&K H.P. and Uttranchal. Isolated thundershower is likely over Punjab, Haryana and West U. P. during next 3-4 days.

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

Widespread rainfall with **isolated heavy to very heavy** rains are likely over Sub Himalayan West Bengal, NE States and north Bihar. Scattered to fairly widespread rainfall are

expected over south Bihar, East Uttar Pradesh and Gangetic West Bengal. Isolated rainfall is expected over Orissa and Jharkhand.

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

Isolated rainfall is likely over Madhya Pradesh, Vidharbha and Chattisgarh.

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

Fairly widespread rainfall is expected over Tamilnadu during next 4-5 days. Scattered rainfall is likely over Kerala and coastal Karnataka and isolated over remaining area of the region during next 4-5 days.

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

Maharashtra, Gujarat, East Rajasthan and Vidarbha are also likely to receive isolated rainfall during next 4-5 days. West Rajasthan is likely to be dry.

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. and moving towards overbought region.

**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 some upwards tone during first half of the coming week on good demand amidst lower arrivals. However, price may down during rest half of the coming week on the anticipation of favourable monsoon arrival.



Commodity: **Guar Gum**

Perspective: Very Short Term (Weekly)

### NCDEX August Contract

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

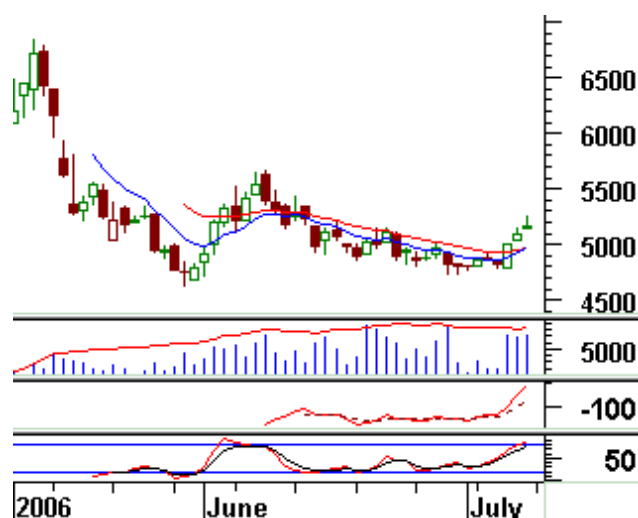
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### Market Outlook:

Guar gum futures are expected to witness upwards tone during first half of the coming week on good demand amidst lower arrivals. However, price may down during rest half of the coming week on the anticipation of favourable monsoon arrival.



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