

GUAR SEED and GUAR GUM

August 07th-12th, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Guar Finished the Week with a Bearish Sentiment
- Guar Futures: Weekend Slide Pared Early Advances

MARKET COMMENTARY OF MAJOR MARKETS

Guar Futures Market

Guar futures at the NCDEX traded with a firm note during the major half of the week starting 7th August 2006. The week started with a bearish note and the futures traded mostly range bound for the first couple of days of this week. However, increased speculative buying interest at the lower levels supported the futures thereafter and the futures surged up during Thursday's trade. The volume of trade registered significant increase during the mid-week, while the open interest remained mostly steady at the higher side during this week under review. However, the futures immediately ran into profit booking and started sliding on Friday. The weakness was extended further at the weekend and the futures wiped away the early gains during Saturday's trade. The futures finished the week with no significant gain/loss. Guar Seed August contract traded in the range of 1977-2013, while the most-active September contract fluctuated in the range of 1989-2043. Guar Gum August contract traded in the range of 4990-5120, while the most-active September contract fluctuated in the range of 5067-5195 during Saturday's trade. The guar futures are likely to trade with a bearish sentiment in the coming couple of days with possibility of some upward movement during the later half of the coming week.

Guar Physical Market

Guar witnessed a range bound movement during the early part of the week starting 7th August 2006. Lack of any price driving factor kept the market on an average quiet for couple of days. However, the sentiments firmed up once again at the major physical markets during the mid-week amidst talks of disease infestation on the recently sown guar crop in Rajasthan. The sharp rally in the futures market has also supported the physical market sentiments through mid-week. Buyers remained active at the lower price tags following concerns of crop condition. However, the market once again came in the grip of the bears following report of rainfall over parts of guar producing areas in Rajasthan as well as Haryana that has raised the hope for better acreage under the crop at the weekend. The spillover weakness from the futures market has also kept the physical market under pressure during the weekend. The prices of guar seed as well as guar gum were quoted lower at the weekend to pare most of the early gains during the midweek. The week finished with the prices near the unchanged to somewhat lower levels. The IMD in a latest

weather forecast report has mentioned possibility of heavy to very heavy rainfalls over southeast Rajasthan during the next 48 hrs. Rainfall at this time would put a bearish impact on guar prices at the physical as well as futures market. Traders are also eyeing the details of the damage of the crop in Gujarat due to heavy rainfall. Amidst such circumstances, guar is likely to trade with a bearish sentiment initially with possibility of late recovery in the week ahead.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		12.08.06	05.08.06	
Guar Seed	Bikaner	1900-1910	1900	-
	Jodhpur	2000	2010	-10
	Nokha	1875	1890	-15
	Sriganganagar	1900	1910	-10
Guar Gum	Jodhpur	5200	5226	-26

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
05.08.06	1919.80	1900.20	5214.90
07.08.06	1915.70	1895.00	5181.70
08.08.06	1917.50	1895.00	5206.95
09.08.06	1913.75	1895.00	5200.00
10.08.06	1951.15	1926.95	5283.70
11.08.06	1955.00	1923.45	5257.70
12.08.06	1920.40	1906.45	5213.00
Change	+0.60	+6.25	-1.90

Guar Seed Futures Prices at NCDEX

Dates	Aug Contract		Sept Contract		Oct Contract	
	Open	Close	Open	Close	Open	Close
05.08.06	1965	1969	1997	2004	2025	2036
07.08.06	1960	1958	2000	1989	2034	2022
08.08.06	1955	1960	1994	1993	2025	2025
09.08.06	1952	1965	1998	1996	2031	2028
10.08.06	1961	2009	1991	2042	2025	2073
11.08.06	2010	2009	2048	2036	2075	2066
12.08.06	2010	1979	2039	1992	2068	2021

Guar Gum Futures Prices at NCDEX

Dates	Aug Contract		Sept Contract		Oct Contract	
	Open	Close	Open	Close	Open	Close
05.08.06	5041	5056	5120	5126	5200	5201
07.08.06	5028	5027	5105	5097	5170	5170
08.08.06	5050	5036	5130	5104	5150	5179
09.08.06	5030	5045	5130	5111	5180	5186
10.08.06	5040	5128	5099	5201	5160	5272
11.08.06	5149	5111	5230	5183	5295	5257
12.08.06	5120	5001	5181	5071	5260	5127

Monsoon Watch and Weather Outlook (12.08.06)

Yesterday's morning depression over North Bay of Bengal moved west-northwestwards and crossed north Orissa coast near Balasore yesterday night around 2030 hours IST. It has now weakened into a well marked low pressure area and lay at 0830 hours IST of today over Chhattisgarh and neighbourhood. The system is likely to move in a west northwestward direction. Under its influence widespread rainfall with heavy to very heavy falls at a few places and isolated extremely heavy falls are likely over south Chhattisgarh and Vidarbha. Heavy to very heavy falls at a few places are also likely over East Madhya Pradesh and north Telangana and isolated heavy falls over western parts of south Orissa during next 2-3 days. As the system moves west-northwestwards, increase in rainfall activity is expected over West Madhya Pradesh, Marathwada, Madhya Maharashtra and Konkan & Goa in subsequent 3-4 days.

Yesterday's well marked low pressure area over southeast Rajasthan and neighbourhood now lies as low pressure area over southern parts of West Rajasthan and neighbourhood. Under its influence, fairly widespread rainfall with isolated heavy falls likely over Gujarat State and southwest Rajasthan. Subsequently rainfall activity is

likely to decrease over Gujarat region and southeast Rajasthan.

Model predictions also suggest possibility of formation of a cyclonic circulation in the middle troposphere over Bay of Bengal around 18 August 2006.

A western disturbance is likely to approach J&K and adjoining hilly regions of NW India in next 24 Hrs. and move in an eastward direction.

Monsoon is likely to remain active over Central and Peninsular India during next week.

Heavy Rainfall Warning:

Heavy to very heavy rainfall at a few places with isolated extremely heavy falls likely over south Chhattisgarh and Vidarbha. Heavy to very heavy falls at a few places also likely over East Madhya Pradesh and north Telangana during next 24 hours. Isolated heavy rainfall also likely over south Orissa, Gujarat State and southwest Rajasthan and west Madhya Pradesh.

Zone-wise Weather Forecast

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

Isolated rainfall is likely over Uttaranchal, Punjab, Haryana and west U.P. during next 24 Hrs. The region is likely to experience scattered to fairly widespread rains during 14-17 August06.

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

Fairly wide spread to widespread rainfall with isolated heavy to very heavy falls is likely over Orissa, Jharkhand and Gangetic West Bengal during 24-36 Hrs. and decrease thereafter. East UP and Bihar is likely to receive scattered rainfall during next 24 hours and increase thereafter.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Ongoing scattered rainfall activity is likely to continue during next 24 hours then it may increase from 15th August.

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

Fairly widespread rain with isolated heavy falls is likely over Karnataka and fairly wide spread rains over Andhra Pradesh during next 48 Hrs. Coastal A.P. is expected to have fairly widespread to widespread rains during next 48 Hrs. Coastal Karnataka is expected to have fairly widespread to widespread rains during next 3 days. Isolated to scattered rainfall is likely over Tamil Nadu during next 3-4 days.

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

Fairly widespread with isolated heavy rainfall over Konkan & Goa may continue to occur during next 24-36 hours and then reduce. The region is likely to receive increased rainfall from 15 August. Rainfall activities over Gujarat, southeast Rajasthan, Marathwada and Madhya Maharashtra are likely to continue for next 24Hrs. and reduce thereafter. Rainfall is again expected to increase from 16 August. West Rajasthan may experience scattered rains in next 24-36 Hrs.

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 weak opening.

Stochastic: The stochastic is bearish. The %K line is about to cut the %D line from above in the normal 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:

The guar futures are likely to trade with a bearish sentiment in the coming couple of days with possibility of some upward 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 pattern and 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 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:

The guar futures are likely to trade with a bearish sentiment in the coming couple of days with possibility of some upward 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