

GUAR SEED and GUAR GUM

July 29th - August 05th, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Guar Improved Somewhat on Inadequate Rainfall
- Guar Futures: Witnessed Thin Trading Activity

MARKET COMMENTARY OF MAJOR MARKETS

Guar Futures Market

Guar futures at the NCDEX witnessed somewhat bullish sentiment during this week. The week started with a bearish tone. The buying interest at the lower level on the anticipation of inadequate rainfall supported the futures and traded mostly upwards through out the week and the September contract reached week's high at Rs.2038. However, selling pressure at the higher level hinder the further advances. On an average, a thin movement was seen on the confusion about rainfall in the minds of actors in the guar futures market. The volume of trade has steady at some lower levels, 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 1964-1976, while the most-active September contract fluctuated in the range of 1995-2013. Guar Gum August contract traded in the range of 5041-5080, while the most-active September contract fluctuated in the range of 5105-5149 during weekend. 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 retraced back slightly on talks of inadequate rainfall over guar producing belts. Though some rainfall was reported in Bermer district in the week, yet the market participants have seen it as not good enough. Consequently, guar prices edged up across different markets of Rajasthan. Moreover, the spillover strength from futures market has also supported the physical market sentiments. Good demand was experienced from different spot markets of guar in the context of lower carry forward stocks. The buying interest among the actors of futures market is also driving the market towards some upper sides. Everybody related to guar closely monitoring the rainfall activity for further decision. According to the traders a good acreage of sowing yet to be done in the major guar producing belts. The farmers have been waiting for the rainfall. The coming week is very vital for the crop as absent or inadequate rainfall may hamper the sowing activity and this forced to lower production. 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. Traders also perceived that the prices may slid to some down side in case of heavy rainfall in the coming week. At the Jodhpur market guar seed was

quoted in the range of Rs.1990-2030 per quintal, while at the Bikaner market it was offered between Rs.1890-1910 per quintal during this week. At the Jodhpur market prices of guar gum remained in the range of Rs.5122-5252 per quintal during this week. The long-term outlook for guar likely bullish on good demand amidst lower carry-forward stocks and the short-term outlook is seen bearish on possibility of rainfall over guar producing areas. However, absent or inadequate rainfall in the coming week would likely to boom the guar prices.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		05.08.06	29.07.06	
Guar Seed	Bikaner	1900	1890	+10
	Jodhpur	2010	1990-2000	+10
	Nokha	1890	1830	+60
	Sriganganagar	1910	1900	+10
Guar Gum	Jodhpur	5226	5122	+104

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
29.07.06	1901.45	1882.65	5129.00
31.07.06	1931.65	1910.50	5223.10
01.08.06	1919.55	1898.65	5200.00
02.08.06	1920.75	1891.05	5182.40
03.08.06	1929.00	1909.05	5243.90
04.08.06	1909.30	1885.55	5179.20
05.08.06	1919.80	1900.20	5214.90
Change	+18.35	+17.55	+85.90

Guar Seed Futures Prices at NCDEX

Dates	Aug Contract		Sept Contract		Oct Contract	
	Open	Close	Open	Close	Open	Close
29.07.06	1955	1944	1995	1978	2032	2012
31.07.06	1949	1976	1988	2015	2022	2047
01.08.06	1984	1962	2027	1997	2055	2030
02.08.06	1952	1976	1985	2014	2021	2046
03.08.06	1985	1978	2018	2014	2054	2046
04.08.06	1966	1963	2008	1997	2040	2028
05.08.06	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
29.07.06	4920	4948	5062	5018	5091	5099
31.07.06	5010	5062	5078	5129	5150	5207
01.08.06	5075	5030	5150	5101	5240	5180
02.08.06	5011	5065	5066	5138	5150	5216
03.08.06	5150	5065	5144	5136	5201	5213
04.08.06	5050	5036	5105	5107	5184	5181
05.08.06	4920	4948	5062	5018	5091	5099

Monsoon Watch and Weather Outlook (29.07.06)

Yesterday's deep depression near Gopalpur moved westward and now lies near Jagdalpur. The system is likely to move in west-northwest direction and weaken. Under its influence, wide spread with heavy to very heavy falls at a few places and extremely heavy falls (more than 25 cm) likely over north Coastal Andhra Pradesh, Telangana, Chhattisgarh, east M.P. and Vidarbha during next 24 hours. with squally winds speed reaching 50 KMPH. The enhanced rainfall activity is likely to shift westwards subsequently across Madhya Pradesh, north interior Karnataka and Maharashtra.

Rainfall activities over West Coast of India, particularly Konkan & Goa is also likely to enhance during next 3-4 days.

The axis of monsoon trough runs in near normal position.

A western disturbance lies over J&K It is likely to move slowly in eastward direction across J&K, H.P. , parts of Punjab and Uttranchal during next 3 days causing scattered to fairly widespread rains over the regions.

Heavy Rainfall Warning:

Heavy to very heavy rainfall at a few places with extremely heavy falls (more than 25 cm) is likely over north Coastal Andhra Pradesh, Telangana, Chhattisgarh, Konkan & Goa. Vidarbha, Marathawada and Coastal Karnataka

Zone-wise Weather Forecast

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

Scattered to fairly widespread rainfall is expected over J&K, H.P., Punjab, Uttranchal, Haryana and west U.P. during next 3 days.

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

Scattered rainfall is likely to continue over Gangetic West Bengal and NE States. Fairly widespread to widespread with isolated heavy to very heavy rainfall is likely over Orissa, Jharkhand during next 2-3 days. 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 3 days.

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

Fairly widespread to wide spread rain with isolated heavy falls is likely over Karnataka, Telangana, Coastal Andhra Pradesh and Rayalseema. Ongoing rainfall activities over Kerala is likely to enhance. Isolated to scattered rainfall is likely over Tamilnadu during 3-4 days.

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

Fairly wide spread to widespread with isolated heavy to very heavy falls is likely over Konkan & Goa and Gujrat region. Fairly widespread rainfall with isolated heavy falls is likely over East Rajasthan during next 24 Hrs and over Madhya Maharashtra and Marathawada during next 3-4 days.

Source: GOI (NCMRWF & IMD)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX September Contract

Candlestick: Formation of candlestick is showing slightly 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 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

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