

GUAR SEED and GUAR GUM

September 04th -11th 2006

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Speculative Sellers Grieved the Sentiments**
- **Anticipation of higher Production Restricted Vertical Lift**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Futures Market

Guar seed and guar gum futures on NCDEX continued down on the anticipations of enhanced guar seed production and speculators dominance. The favourable monsoon rains in Rajasthan increased the expectation of higher production in the mind of speculators. The speculative selling interest pressurized the futures through out the week and gradually the October contract reached contact months' low at Rs.1620. The volume of trade remained at lower side, while the open interest remained mostly steady at the higher side during this week under review. The lower volume amidst higher open interest is indicating the possibility of trend reversal. At the NCDEX, Guar Seed September contract traded in the range of Rs. 1615-1632 per qtl, while the most active October contract moved in the range of Rs. 1626-1649 per qtl. Guar Gum September contract traded in the range of Rs. 4115-4155 per qtl, while the most active October contract moved in the range of Rs. 4143-4230 per qtl. during the weekend. The guar sentiment is likely to remain soft in the coming week with possibility of some upward movement later on some technical correction.

Guar Physical Market

Expectation of higher production due to the ongoing rainfall in guar growing belts of Rajasthan does not allow the vertical lift in the prices of guar seed and guar gum in the major domestic market. Presently, the crop is in healthy condition and total output likely to increase this year as compared to last year. However, another spell of rainfall is necessary in the coming fortnight for better growth of the standing crop. The coming sentiment of guar to a great extent depends on the rainfall of coming fortnight. The arrival of guar seed in some parts of Rajasthan mainly in Sriganganagar district is also softening the market sentiments. At the Jodhpur market guar seed was quoted much lower in the range of Rs.1650-1760 per quintal, while at the Bikaner market it was offered lower too between Rs.1570-1680 per quintal during this week. At the Jodhpur market prices of guar gum remained weak in the range of Rs.4300-4550 per quintal during this week. Currently, the outlook in guar futures is soft on the anticipation of enhanced production. Bullish sentiment in guar futures can only be witnessed on the news of adverse conditions like no or less rains in coming fortnight, heavy rains in the time of flowering and pod filling, climatic hazards or technical correction in the futures market. However, the traders are

optimistic about recovery of guar sentiments in short term on good demand.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		09.09.06	04.09.06	
Guar Seed	Bikaner		1620	-140
	Jodhpur		1700	-150
	Nokha		1580	-140
	Sriganganagar		1600	-120
Guar Gum	Jodhpur		4450	-300

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
04.09.06	1584.75	1581.40	4361.50
05.09.06	1571.45	1575.00	4318.35
06.09.06	1567.50	1577.50	4322.20
07.09.06	1583.95	1602.95	4378.85
08.09.06	1566.90	1577.65	4313.40
09.09.06	1571.35	1564.30	4288.30
Change	-13.40	-17.10	-73.20

Guar Seed Futures Prices at NCDEX

Dates	Sept Contract		Oct Contract		Nov Contract	
	Open	Open	Open	Open	Open	Open
04.09.06	1705	1647	1724	1657	1730	1667
05.09.06	1640	1632	1651	1644	1650	1659
06.09.06	1637	1618	1656	1632	1665	1646
07.09.06	1611	1646	1627	1662	1640	1674
08.09.06	1645	1631	1670	1645	1685	1658
09.09.06	1632	1623	1642	1638	1663	1651

Guar Gum Futures Prices at NCDEX

Dates	Sept Contract		Oct Contract		Nov Contract	
	Open	Open	Open	Close	Open	Close
04.09.06	4320	4142	4420	4197	4525	4252
05.09.06	4160	4144	4200	4206	4270	4259
06.09.06	4132	4133	4191	4179	4265	4238
07.09.06	4129	4194	4153	4258	4220	4314
08.09.06	4210	4157	4270	4221	4316	4272
09.09.06	4145	4138	4143	4198	4265	4250

PRICE DRIVERS:

1. Anticipation of higher production on recent rainfall over Rajasthan
2. Increased Speculative selling in the futures market.
3. Low Volume amidst higher open interest at futures market
4. Good demand in the physical market amidst lower carry forward stocks
5. Long-range weather forecast suggests below normal monsoon this year

6. Rainfall during growth stage is crucial for crop output

OUTLOOK:

Short Term (1 Week):

The guar sentiment is likely to remain soft in the coming week with possibility of some upward movement later on some technical correction.

Monsoon Watch and Weather Outlook (10.09.06)

During past 24 hours, fairly widespread rainfall has occurred over northeastern States, Sub-Himalayan West Bengal & Sikkim, Tamil Nadu & Pondicherry, Kerala, Coastal Karnataka, Lakshadweep and Andaman & Nicobar Islands. The current meteorological analysis suggests that fairly widespread rainfall activity is likely over extreme south peninsula, northeastern states, Sub-Himalayan West Bengal & Sikkim, Bihar and East Uttar Pradesh during next 2-3 days.

Numerical Weather Prediction Models suggest formation of an upper air cyclonic circulation over westcentral Bay of Bengal around 13th, which may develop into a low pressure area subsequently.

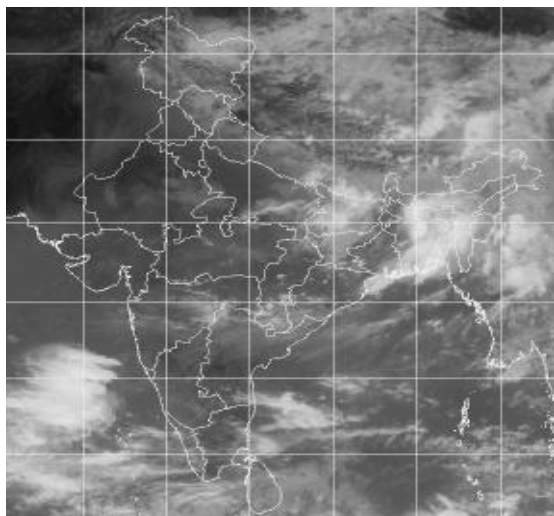
Heavy Rainfall Warning:

Isolated heavy to very heavy falls are likely over Arunachal Pradesh, Assam & Meghalaya, Sub-Himalayan West Bengal & Sikkim and Lakshadweep. Isolated heavy falls are also likely over Bihar, East Uttar Pradesh, Tamil Nadu & Pondicherry, Kerala and Coastal Karnataka.

Outlook for subsequent two days (Based on numerical weather products):

Enhanced rainfall activity is likely to continue over south peninsula, northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar and East Uttar Pradesh.

Source: GOI (IMD)



TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)
NCDEX October Contract

Candlestick: Formation of candlestick is showing bearish pattern and weak opening.

Stochastic: The stochastic is bearish and in oversold region. The %K line and the %D line moving slightly upwards.

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 seed futures are likely to remain soft in the coming week with possibility of some upward movement later on some technical correction.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)
NCDEX October Contract

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

Market Outlook:

The guar gum futures are likely to remain soft in the coming week with possibility of some upward movement later on some technical correction.



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