

## GUAR SEED and GUAR GUM

September 25<sup>th</sup> -October' 03<sup>rd</sup> , 2006

### MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Down on Selling Pressure**
- **Prices Remained Towards Floor on Spots**

### MARKET COMMENTARY OF MAJOR MARKETS

#### Guar Futures Market

Increased selling interest on the anticipation of higher production slid down the Guar seed and guar gum futures at NCDEX. The futures remains at the floor level on lackluster trading activities. The volume of trade is seen sharply decreasing, while the open interest remained steady at the higher side during this week under review. In the downwards price movement higher open interest and decreasing volumes indicating that the holders are not liquidating their positions and the market will continued bearish. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1671-1697 per qtl, while the most active November contract moved in the range of Rs. 1699-1726 per qtl. Guar Gum October contract traded in the range of Rs. 4245-4288 per qtl, while the most active November contract moved in the range of Rs. 4330-4380 per qtl. The guar sentiment is likely to witness firm tone during first couples of days on some technical correction. However, anticipation of higher production would pressurise the sentiments during later parts of the week.

#### Guar Physical Market

Fresh arrivals of guar seed at some market of Rajasthan along with anticipation of higher production have pressurized the guar sentiments at different domestic market. Moreover, the spill over trade at futures market keeps the buyers away from purchasing. Sriganganagar market has been enjoying fresh arrivals. The arrivals will be increasing in the coming days at others market also. However, the peak arrival is expected to witness after Dipawali. The lack of buying activities is reported from majority of markets. The buyers have been closely watching the futures market for the further direction. Traders reported the overall production is likely to somewhat higher from previous year and likely to 75-80 lakhs bags. At the Jodhpur market guar seed was quoted lower in the range of Rs.1725-1765 per quintal, while at the Bikaner market it was offered lower too between Rs.1610-1650 per quintal during this week. At the Jodhpur market prices of guar gum has down and quoted in the range of Rs.4380-4520 per quintal during this week.

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

(Prices in Rs/qt)

Particular	Centre	Date		Change
		23.09.06	30.10.06	
Guar Seed	Bikaner	1650-1660	1620-1630	-30.00
	Jodhpur	1760-1775	1735	-40.00
	Nokha	1638	1610	-28.00
	Sriganganagar	1650	1610	-40.00
Guar Gum	Jodhpur	4480	4420	-60.00

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

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
23.09.06	1635.10	1658.90	4478.00
25.09.06	1647.05	1661.15	4487.15
26.09.06	1631.05	1647.75	4459.00
27.09.06	1618.95	1635.65	4413.50
28.09.06	1626.40	1638.30	4433.00
29.09.06	1631.30	1652.10	4468.40
30.09.06	1637.50	1652.25	4459.00
<b>Change</b>	<b>+2.40</b>	<b>-6.65</b>	<b>-19.00</b>

### Guar Seed Futures Prices at NCDEX

Dates	Oct Contract		Nov Contract		Dec Contract	
	Open	Open	Open	Open	Open	Open
23.09.06	1708	1709	1735	1732	1765	1765
25.09.06	1715	1708	1732	1732	1770	1765
26.09.06	1711	1675	1736	1698	1771	1730
27.09.06	1674	1674	1692	1698	1723	1730
28.09.06	1674	1682	1699	1708	1730	1742
29.09.06	1689	1691	1712	1720	1743	1753
30.09.06	1695	1678	1722	1704	1755	1736

### Guar Gum Futures Prices at NCDEX

Dates	Sept Contract		Oct Contract		Nov Contract	
	Open	Open	Open	Close	Open	Close
23.09.06	4321	4327	4460	4406	4485	4482
25.09.06	4359	4352	4420	4407	4492	4490
26.09.06	4336	4237	4444	4322	4515	4403
27.09.06	4220	4250	4365	4332	4400	4418
28.09.06	4260	4264	4355	4348	4424	4429
29.09.06	4284	4281	4356	4367	4449	4450
30.09.06	4260	4258	4380	4340	4460	4420

### PRICE DRIVERS:

1. Anticipation of higher production
2. Some fresh arrivals of guar seed at Sriganaganagar market
3. The arrivals will be increasing in the coming days.
4. Lack luster trading activities
5. Good export demand of Guar gum from China
6. Increased selling interest in the futures market.
7. Low Volume amidst higher open interest in the downtrend price market.
8. Rainfall during growth stage is crucial for crop output

### OUTLOOK:

**Short Term (1 Week):** The guar sentiment is likely to witness firm tone during first couples of days on some technical correction. However, anticipation of higher production would pressurise the sentiments during later parts of the week.

**Medium Term (1 Month):** Steady to somewhat bullish on good demand amidst decreasing old stocks.

**Long Term (3 Months):** Bullish on the anticipation of higher domestic as well as export demand

### Monsoon Outlook (30.09.06)

- Yesterday's depression over northwest Bay of Bengal moved westwards and crossed Orissa coast at 1730 hours IST of 29th September. It weakened subsequently into a well marked low pressure area and now lay at 0830 hrs IST of today, over south Chhattisgarh and neighbourhood. System is likely to move in a west-northwesterly direction and weaken gradually.
- Under its influence, widespread rainfall with heavy to very heavy falls at a few places is likely over Vidarbha Telangana and south Chhattisgarh during next 24 hours. Isolated heavy to very heavy falls are also likely over south Orissa and north Chhattisgarh during same period. Subsequently the rainfall belt is likely to shift into rest of Maharashtra & Goa and south Gujarat Region.

### Heavy Rainfall Warning:

- Heavy to very heavy rainfalls at a few places is likely over Vidarbha Telangana and south Chhattisgarh. Isolated heavy to very heavy falls also likely over south Orissa and north Chhattisgarh.

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

- Fairly widespread rainfall is likely over Konkan & Goa, Marathawada and Madhya Maharashtra.
- Decrease in rainfall activity over central India.

**Source:** GOI (IMD)

## TECHNICAL ANALYSIS

### Commodity: Guar Seed

Perspective: Very Short Term (Weekly)  
NCDEX October Contract

**Candlestick:** Formation of candlestick is showing sideways trading pattern and steady to weak opening.

**Stochastic:** Stochastic is in oversold region and moving slightly upwards.

**MACD:** The MACD (5-day) is in the negative territory and along with its EMA moving slightly upwards, indicating short-term bullishness in the market.

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

### Market Outlook:

The guar seeds futures is likely to trade firm during first couples of days on some technical correction. However, anticipation of higher production would pressurise the sentiments during later parts of the week.



## TECHNICAL ANALYSIS

### Commodity: Guar Gum

Perspective: Very Short Term (Weekly)  
NCDEX October Contract

**Candlestick:** Formation of candlestick is showing sideways trading pattern and steady to weak opening.

**Stochastic:** Stochastic is in oversold region and moving slightly upwards.

**MACD:** The MACD (5-day) is in the negative territory and along with its EMA moving slightly upwards, indicating short-term bullishness in the market.

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

### Market Outlook:

The guar gum futures is likely to trade firm during first couples of days on some technical correction. However, anticipation of higher production would pressurise the sentiments during later parts of the week.



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