

GUAR SEED and GUAR GUM

October' 07th -16th, 2006

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Speculators Lifted the Futures**
- **Arrivals Increasing at Spot**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar market witnessed a sharply upward sentiments on active buying support. The stockiest as well as millers are very interested to increase their stock position. The speculation of higher prices on good domestic demand lifted the guar sentiments. Moreover, speculative buying activities of the investors at the futures market supported the up trend at physical. The traders are also interest to hedge the commodity against futures. The all India arrival is about 60-70 thousand bags. Some market of Rajasthan as well as Haryana enjoying fresh arrivals but higher moisture contain of the fresh crops is reported. The peak arrival is expected in the coming week. However, in Jodhpur market the harvesting would be some later part around November. The price will be decreasing tandem with the increase in arrivals likely from the coming week. The demand of good quality seed is higher among the buyers and thus offers firm. Sriganganagar market is enjoying 3000-4000 bags fresh arrivals. The harvesting is going on in Sriganganagar, Hanumannagar, Churu districts of Rajasthan and Haryana. The harvesting process would be continuing until the end of this month in these areas. However, the anticipation of higher production about 75-80 lakh bags as against last year 50-55 lakh bags might ease the sentiments in near futures. At the Jodhpur market guar seed was quoted higher in the range of Rs.1875-2025 per quintal, while at the Bikaner market it was offered higher too between Rs.1725-1900 per quintal during this week. At the Jodhpur market prices of guar gum has truly up and quoted in the range of Rs.4650-5050 per quintal during this week

Guar Futures Market

Speculative buying interest among the participants of futures boosted Guar seed and guar gum futures at NCDEX. The good demand in domestic market amidst decreasing carry forward stocks is underpinning the sentiments. The volume of trade is seen decreasing as compared to last week, while the open interest remained steady at the higher side during this week under review. In the upward price movement, higher open interest and decreasing volumes indicating that there is a possibility of some southwards technical correction. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1892-1920 per qtl, while the November contract moved in the range of Rs. 1940-1980 per qtl. Guar Gum October contract traded in the range of Rs. 4833-4930 per qtl, while

at the NCDEX, Guar Seed October contract traded in the range of Rs. 1938-1962 per qtl, while the most active November contract moved in the range of Rs. 1971-2007 per qtl. Guar Gum October contract traded in the range of Rs. 4940-5010 per qtl, while the most active November contract moved in the range of Rs. 5040-5123 per qtl. during the weekend. The guar sentiment is likely to remain firm in the first couples of days in the coming week on the anticipation of lower carry forward stocks amidst good demand. However, some downwards movement is expected on increasing fresh arrivals at spot as well as well as on some technical correction at the futures.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		07.10.06	14.10.06	
Guar Seed	Bikaner	1700-1710	1900-1910	+200.00
	Jodhpur	1860	2000	+140.00
	Nokha	1690	1890-1900	+210.00
	Sriganganagar	1690	1890-1900	+210.00
Guar Gum	Jodhpur	4650	5000	+350.00

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
07.10.06	1765.00	1747.75	4809.25
09.10.06	1806.15	1783.55	4903.90
10.10.06	1809.45	1779.05	4894.55
11.10.06	1874.00	1839.75	5045.20
12.10.06	1884.10	1859.25	5086.25
13.10.06	1942.50	1918.15	5230.35
14.10.06	1933.75	1909.20	5200.00
Change	+168.75	+161.45	+390.75

Guar Seed Futures Prices at NCDEX

Dates	Oct .Contract		Nov. Contract		Dec. Contract	
	Open	Close	Open	Close	Open	Close
07.10.06	1825	1809	1870	1852	1900	1892
09.10.06	1824	1845	1865	1895	1897	1936
10.10.06	1847	1834	1890	1884	1944	1929
11.10.06	1846	1902	1891	1960	1935	2012
12.10.06	1908	1902	1970	1948	2026	2002
13.10.06	1895	1941	1942	1978	1993	2032
14.10.06	1945	1942	1971	1984	2029	2037

Guar Gum Futures Prices at NCDEX

Dates	Oct .Contract		Nov. Contract		Dec. Contract	
	Open	Close	Open	Close	Open	Close
07.10.06	4635	4600	4725	4701	4830	4798
09.10.06	4642	4714	4739	4809	4825	4910
10.10.06	4720	4688	4801	4784	4900	4884
11.10.06	4715	4862	4829	4967	4915	5081
12.10.06	4880	4861	5010	4966	5100	5078
13.10.06	4860	4958	4940	5056	5045	5156
14.10.06	4970	4964	5068	5062	5145	5169

PRICE DRIVERS:

- 1.Anticipation of higher production about 75-80 lakh bags as against last year 50-55 lakh bags
- 2.Decreasing carry forward stocks about 20 lakh bags as compared to 35-40 lakh bags last year
- 3.All India arrival is about 50-55 thousand bags
- 4.Speculative buying interest at some lower level at futures
- 5.Profit booking motives at the higher levels
- 6.Fresh arrivals likely to increase in the coming days
- 7.Good export demand of Guar gum from China and America
- 8.Decreasing volumes amidst higher open interest in the uptrend price market.

OUTLOOK:

Short Term (1 Week): The guar sentiment is likely to remain firm in the first couple of days in the coming week on the anticipation of lower carry forward stocks amidst good demand. However, some downwards movement is expected on increasing fresh arrivals at spot as well as well as on some technical correction at the futures.

Medium Term (1 Month): Steady to somewhat bearish on increasing arrivals amidst good demand.

Long Term (3 Months): Bullish on the anticipation of higher domestic as well as export demand and stockiest activities to hoarding their position. However, the quality of seed would determine the demand position.

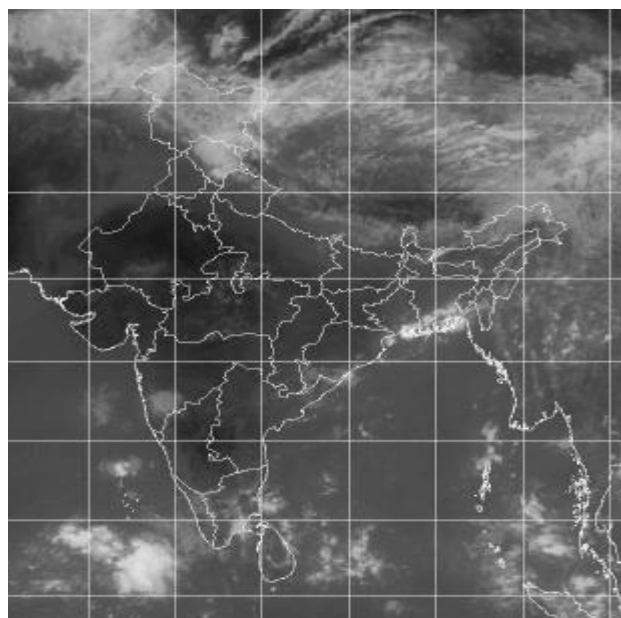
Monsoon Outlook (14.10.06)

- The western disturbance as an upper air system is likely to cause scattered rainfall activity over Western Himalayan region during next 48 hours.
- Under the influence of an east-west shear zone extreme south peninsula is likely to experience scattered rainfall activity during next 2-3 days.

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

- The ongoing rainfall activity is likely to continue over south peninsular India.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (14.10.06)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)
NCDEX October Contract

Candlestick: Formation of candlestick is showing upward trading pattern and steady to firm opening.

Stochastic: Stochastic is in overbought region and moving downwards.

MACD: The MACD (5-day) is in the positive territory and along with its EMA moving 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 remain firm in the first couple of days in the coming week on the anticipation of lower carry forward stocks amidst good demand. However, some downwards movement is expected on increasing fresh arrivals at spot as well as on some technical correction at the futures.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)
NCDEX October Contract

Candlestick: Formation of candlestick is showing upward trading pattern and steady to firm opening.

Stochastic: Stochastic is in overbought region and moving downwards.

MACD: The MACD (5-day) is in the positive territory and along with its EMA moving 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 remain firm in the first couple of days in the coming week on the anticipation of lower carry forward stocks amidst good demand. However, some downwards movement is expected on increasing fresh arrivals at spot as well as on some technical correction at the futures.



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