

## GUAR SEED and GUAR GUM

October' 16<sup>th</sup> -23<sup>rd</sup>, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Slid Down on Speculative Selling**
- **Arrivals Increasing at Spot**

### MARKET COMMENTARY OF MAJOR MARKETS

#### Guar Physical Market

Guar market witnessed a steady to some weak tone on the advice of futures market. The square out interest on the closing of October contract pressurized the futures. No delivery intention for the October contract is reported at NCDEX. The arrival is reportedly 80000-85000 bags in all over India. Increased sellers activity at the futures is also supported the downward tone at physical market. The major traders of the commodity are more interested to hold their stocks rather to marketing at spot. The speculation of higher prices in the coming months mostly playing a vital role in the minds of stockiest as well as big export houses. In Jodhpur mandis the meager arrivals is reported. Some of the average scale mill owners have been waiting for the dips in guar seed prices. The stock position among retailers is reportedly very low. The sentiment might be in pressure further with the peak arrivals likely from the coming week. However good buying demand would recover the market from the lower price level. At Jodhpur market the harvesting would be some later part around November. At the Bikaner market guar seed was quoted lower in the range of Rs.1860-1950 per quintal, while at the Jodhpur market it was offered lower too between Rs. 1940-2050 per quintal during this week. At the Jodhpur market prices of guar gum slid down and quoted in the range of Rs.5018-5300 per quintal during this week.

#### Guar Futures Market

The previous rally is restricted at NCDEX Guar futures on some selling interest at higher levels. Increasing arrivals amidst good demand in domestic market 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. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1882-1946 per qtl, while the most active December contract moved in the range of Rs. 1917-1994 per qtl. Guar Gum November contract traded in the range of Rs. 4755-4995 per qtl, while the most active December contract moved in the range of Rs. 4891-5084 per qtl. during the weekend. The guar sentiment is likely to pressurize on the increasing arrivals in the coming week. However, good demand would recover the weakness from lower side.

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

(Prices in Rs/qt)

Particular	Centre	Date		Change
		14.10.06	20.10.06	
Guar Seed	Bikaner	1900-1910	1840	-70.00
	Jodhpur	2000	1925	-75.00
	Nokha	1890-1900	Closed	-
	Sriganganagar	1890-1900	1820	-80.00
Guar Gum	Jodhpur	5200	5018	-182.00

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

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
14.10.06	1933.75	1909.20	5200.00
16.10.06	1942.50	1917.05	5239.00
17.10.06	1951.25	1929.90	5278.50
18.10.06	1870.55	1873.45	5089.50
19.10.06	1862.50	1847.70	5078.65
20.10.06	1828.25	1824.40	5032.00
<b>Change</b>	<b>-105.5</b>	<b>-84.8</b>	<b>-168.00</b>

### Guar Seed Futures Prices at NCDEX

Dates	Nov. Contract		Dec. Contract		Jan. Contract	
	Open	Close	Open	Close	Open	Close
14.10.06	1971	1984	2029	2037	2085	2093
16.10.06	1995	2018	2054	2081	2114	2144
17.10.06	2026	2020	2086	2073	2155	2133
18.10.06	2020	1947	2065	1993	2122	2044
19.10.06	1930	1920	1975	1966	2026	2016
20.10.06	1931	1897	1975	1940	2026	1986
21.10.06	1914	1895	1945	1935	1996	1980

### Guar Gum Futures Prices at NCDEX

Dates	Nov. Contract		Dec. Contract		Jan. Contract	
	Open	Close	Open	Close	Open	Close
14.10.06	5068	5062	5145	5169	5299	5286
16.10.06	5120	5194	5200	5314	5340	5437
17.10.06	5231	5172	5320	5296	5462	5419
18.10.06	5190	4970	5280	5072	5335	5183
19.10.06	4917	4894	5104	5001	5160	5108
20.10.06	4995	4811	5052	4933	5130	5039
21.10.06	4830	4819	4930	4935	5050	5036

### PRICE DRIVERS:

1. Anticipation of higher production about 75-80 lakh bags as against last year 50-55 lakh bags
2. All India arrival is about 80000-85000 bags
3. Selling pressure at higher level at futures
4. Fresh arrivals likely to increase in the coming days
5. Big traders, export house and some millers are the active buyers
6. Lower buying among retailers
7. Decreasing volumes amidst higher open interest.

### OUTLOOK:

**Short Term (1 Week):** The guar sentiment is likely to pressurize on the increasing arrivals in the coming week. However, good demand would recover the weakness from lower side.

**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.

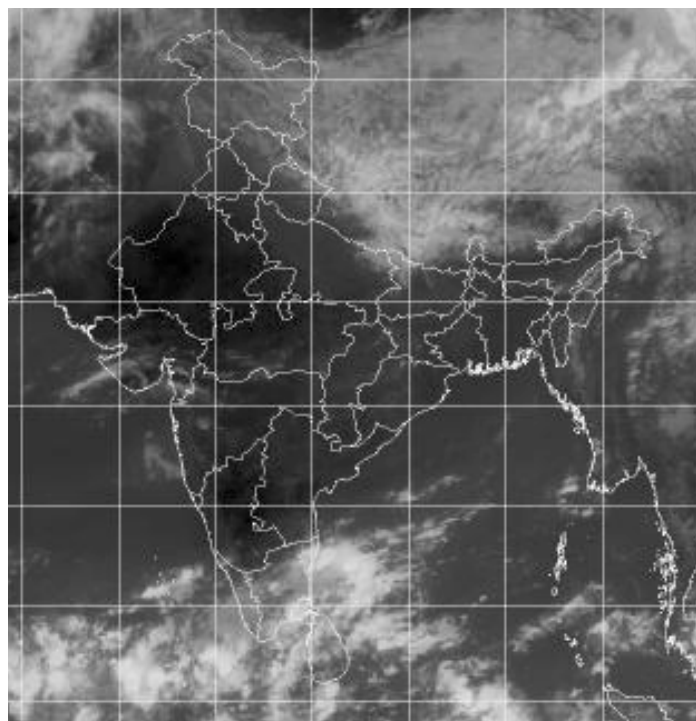
### Monsoon Outlook (23.10.06)

- Under the influence of the western disturbance scattered rainfall is likely over Western Himalayan region during next 1-2 days

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

- A fresh western disturbance is approaching and is likely to cause scattered rainfall activity over Western Himalayan region.
- The ongoing rainfall activity is likely to continue over south peninsula.

Source: GOI (IMD)



**SATELLITE PICTURE OF MONSOON PROGRESS (23.10.06)**

## TECHNICAL ANALYSIS

### Commodity: Guar Seed

Perspective: Very Short Term (Weekly)  
NCDEX October Contract

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

**Stochastic:** Stochastic is in normal region. % K line after crossing %D line from the above moving down towards oversold region.

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

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

### Market Outlook:

The guar seeds futures is likely to pressurize on the increasing arrivals in the coming week. However, good demand would recover the weakness from lower side.



## 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 pressurize on the increasing arrivals in the coming week. However, good demand would recover the weakness from lower side.



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