

GUAR SEED and GUAR GUM

October' 23rd -30th, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar sentiments remained weak in the first half of the week on increasing arrivals reportedly 70,000-80,000 bags per day. However, the unwillingness of the farmers to release their stocks at lower price levels coupled with the limited activities of market on the recent festive season decreased the arrivals to 40,000-50,000 bags per day in the later half of the week. The comparatively lower arrivals recovered the prices from the lower sides. Good buying motives amidst some lower arrivals is mainly underpinning the market sentiments. Increased buying interest at lower levels in the futures is also motivated stockists to increase their stock position. 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. Millers remained inactive at higher price levels. Millers have been waiting for the increase in guar gum price levels further so that they can make profit after purchasing the guar seed. According to some traders the sentiments will be increasing in the coming days on good demand. The fresh arrivals are reported mostly from the Sriganganagar, Hunumanagar, Churu district of Rajasthan and Haryana. In the Nokha and Bikaner market the fresh arrivals remained at lower sides. At Jodhpur market the harvesting would be some later part around November. The arrivals expected to increase in the higher price levels. However, the sentiment might be in pressure at the higher price levels in the time of peak arrivals. At the Bikaner market guar seed was quoted in the range of Rs.1800-1870 per quintal, while at the Jodhpur market it was offered between Rs. 1900-2000 per quintal during this week. At the Jodhpur market prices of guar gum quoted in the range of Rs.4940-5300 per quintal during this week.

Guar Futures Market

The guar futures traded sharply downwards during the first half of the week at NCDEX. However, increased buying interest at lower price levels supported the sentiments and traded upwards thereafter. Decreasing arrivals at the lower price levels at spots coupled with good demand is also underpinning the sentiments. The volume of trade is seen highly fluctuating and moved downwards before recover at the later part of the week. 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. 1866-1942 per qtl, while the most active December contract moved in the range of Rs. 1911-1990

per qtl. Guar Gum November contract traded in the range of Rs. 4756-4906 per qtl, while the most active December contract moved in the range of Rs. 4859-5057 per qtl. during the weekend. The guar sentiment is likely to remain firm in the coming week on weak arrivals at lower price levels amidst good demand. However, increased arrivals at higher price levels might be pressurized the sentiments at later part of the week.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		20.10.06	28.10.06	
Guar Seed	Bikaner	1840	1800	-40.00
	Jodhpur	1925	1950	+25.00
	Nokha	Closed	1795	-
	Sriganganagar	1820	1800	-20.00
Guar Gum	Jodhpur	5018	5044	+26.00

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
21.10.06	1942.50	1917.05	5239.00
23.10.06	1814.40	1800.00	4969.05
24.10.06	1821.90	1812.15	4998.00
25.10.06	1868.55	1855.25	5135.00
26.10.06	1890.25	1880.65	5207.30
27.10.06	1910.65	1873.30	5229.90
28.10.06	1835.00	1831.70	5035.15
Change	-107.5	-85.35	-203.85

Guar Seed Futures Prices at NCDEX

Dates	Nov. Contract		Dec. Contract		Jan. Contract	
	Open	Close	Open	Close	Open	Close
21.10.06	1914	1895	1945	1935	1996	1980
23.10.06	1885	1878	1929	1919	1970	1969
24.10.06	0	1878	0	1919	0	1969
25.10.06	1884	1946	1928	1988	1974	2039
26.10.06	1970	1977	2009	2026	2063	2078
27.10.06	1976	1943	2034	1990	2084	2039
28.10.06	1933	1882	1977	1926	2027	1972

Guar Gum Futures Prices at NCDEX

Dates	Nov. Contract		Dec. Contract		Jan. Contract	
	Open	Close	Open	Close	Open	Close
21.10.06	4830	4819	4930	4935	5050	5036
23.10.06	4760	4795	4925	4904	5027	5004
24.10.06	0	4795	0	4904	0	5004
25.10.06	4850	4967	4950	5083	5045	5192
26.10.06	5000	5069	5112	5184	5312	5289
27.10.06	5080	4954	5170	5061	5265	5166
28.10.06	4906	4781	5050	4894	5180	4996

PRICE DRIVERS:

1. Anticipation of higher production about 75-80 lakh bags as against last year 50-55 lakh bags
2. Comparatively lower arrivals at 40000-50000 bags at the later part of the week
3. Farmers unwillingness to release their stocks at lower price levels
4. Buying interest at lower level at futures
5. Stockists speculation to increase the guar prices in long term
6. Big traders, export house and some millers are the active buyers
7. Lower buying among retailers

OUTLOOK:

Short Term (1 Week): The guar sentiment is likely to remain firm in the coming week on weak arrivals at lower price levels amidst good demand. However, increased arrivals at higher price levels might be pressurized the sentiments at later part of the week.

Medium Term (1 Month): Steady to somewhat weak on increasing arrivals at Jodhpur, Bikaner mandis of Rajasthan and Gujrat 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.

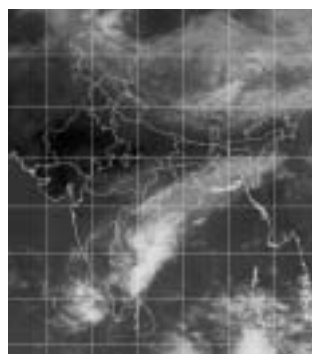
Monsoon Outlook (29.10.06)

- The depression over west-central Bay of Bengal moved slightly northwards and intensified into a deep depression. It lay centred at 1430 IST of today, the 29th October near Lat. 15.00 N and Long. 80.50 E, about 50 kms east of Kavali. The system is likely to intensify further. It is likely to move in a northerly direction and cross Andhra Pradesh coast between Bapatla and Kakinada by tonight.
- Under its influence, widespread rainfall with heavy to very heavy falls at a few places is likely over Coastal Andhra Pradesh and also adjoining districts of south Telangana during next 24 hours. Strong winds with speed reaching 65-75 kmph are also likely along and off districts of Coastal Andhra Pradesh during next 24 hours. The state of sea is likely to be very rough to high along and off Andhra Pradesh coast. The fishermen are advised not to venture into sea.
- Yesterday's cyclonic circulation over southeast Arabian Sea off Kerala & Karnataka coasts persists. Under its influence widespread rainfall is likely over southwest peninsula during next 2-3 days.

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

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

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (29.10.06)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX October Contract

Candlestick: Formation of candlestick is Candlestick pattern is indicating weak opening and sellers mainly dominate the market.

Stochastic: Stochastic is in normal region. The % K line made bearish crossover with the %D line and moving downwards.

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 sideways movement.

Market Outlook:

The guar seeds futures is likely to remain firm in the coming week on weak arrivals at lower price levels amidst good demand. However, increased arrivals at higher price levels might be pressurized the sentiments at later part of the week.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX October Contract

Candlestick: Formation of candlestick is Candlestick pattern is indicating weak opening and sellers mainly dominate the market.

Stochastic: Stochastic is in normal region. The % K line made bearish crossover with the %D line and moving downwards.

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 sideways movement.

Market Outlook:

The guar gum futures is likely to remain firm in the coming week on weak arrivals at lower price levels amidst good demand. However, increased arrivals at higher price levels might be pressurized the sentiments at later part of the week.



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