

GUAR SEED and GUAR GUM

October' 03rd -07th , 2006

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Traded Upwards on Fresh Buying**
- **Prices Moved Upwards**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Futures Market

Increased buying interest on good demand amidst decreasing carry forward stocks lifted Guar seed and guar gum futures at NCDEX. The domestic demand and investors speculation of rising prices in coming future is underpinning the sentiments. The volume of trade is seen rising from 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 good volumes indicating that the market will continue strong. At the NCDEX, Guar Seed October contract traded in the range of Rs. 1792-1825 per qtl, while the most active November contract moved in the range of Rs. 1834-1870 per qtl. Guar Gum October contract traded in the range of Rs. 4552-4668 per qtl, while the most active November contract moved in the range of Rs. 4660-4737 per qtl. during the weekend. The guar sentiment is likely to remain firm in the coming week on the anticipation of lower carry forward stocks amidst good demand. However, some dips is likely to witness during the last couples of days in the week on profit booking interest as well as on some technical correction.

Guar Physical Market

Guar sentiments enjoyed a good recovery from the early weakness during this week. Fresh buying interest of millers as well as stockiest lifted the prices at some higher level. The decreasing carry forward stocks amidst good domestic as well as export demand supported the sentiments. According to the traders present carry forward stock position is lower this time and estimated about to 18-20 lakhs bags as against 35-40 lakhs bags year earlier period. Stockiest are not interested to release their stocks at the present price level. They are optimistic about rising guar prices in coming futures. Good export demand for guar gum is reported from China and America. However, some fresh arrivals at Sriganganagar as well as Haryana is reported. The peak arrivals will be after Diwali in all the major markets. However, anticipation of higher production about 75-80 lakhs bags as against last year 50-55 lakhs bags would pressurize the sentiments in coming futures. The price will be decreasing tandem with the increase in arrivals. At the Jodhpur market guar seed was quoted higher in the range of Rs.1735-1880 per quintal, while at the Bikaner market it was offered higher too between Rs.1620-1730 per quintal during this week. At the Jodhpur

market prices of guar gum has truly up and quoted in the range of Rs.4450-4675 per quintal during this week.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		30.09.06	07.10.06	
Guar Seed	Bikaner	1620-1630	1700-1710	+80.00
	Jodhpur	1735	1860	+75.00
	Nokha	1610	1690	+80.00
	Sriganganagar	1610	1690	+80.00
Guar Gum	Jodhpur	4420	4650	+30.00

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
30.09.06	1637.50	1652.25	4459.00
03.10.06	1660.65	1673.80	4563.00
04.10.06	1665.00	1674.25	4572.05
05.10.06	1734.45	1733.00	4749.15
06.10.06	1782.00	1749.40	4842.80
07.10.06	1765.00	1747.75	4809.25
Change	+127.50	+95.50	+350.25

Guar Seed Futures Prices at NCDEX

Dates	Oct Contract		Nov Contract		Dec Contract	
	Open	Open	Open	Open	Open	Open
30.09.06	1695	1678	1722	1704	1755	1736
03.10.06	1670	1730	1695	1760	1730	1793
04.10.06	1730	1726	1757	1760	1791	1791
05.10.06	1734	1800	1767	1843	1799	1882
06.10.06	1795	1814	1845	1860	1887	1900
07.10.06	1825	1809	1870	1852	1900	1892

Guar Gum Futures Prices at NCDEX

Dates	Sept Contract		Oct Contract		Nov Contract	
	Open	Open	Open	Close	Open	Close
30.09.06	4260	4258	4380	4340	4460	4420
03.10.06	4265	4403	4323	4486	4400	4571
04.10.06	4381	4377	4460	4468	4525	4554
05.10.06	4400	4575	4510	4672	4585	4768
06.10.06	4550	4620	4649	4713	4730	4811
07.10.06	4635	4600	4725	4701	4830	4798

PRICE DRIVERS:

- 1.Anticipation of higher production about 75-80 lakhs bags as against last year 50-55 lakhs bags
- 2.Decreasing carry forward stocks about 20 lakhs bags as compared to 35-40 lakhs bags last year
- 3.Sharply bullish tone at futures market on investors speculation
- 4.Some fresh arrivals of guar seed at Sriganganagar market
- 5.Good export demand of Guar gum from China and America

- 6.Good Volume amidst higher open interest in the uptrend price 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 remain firm in the coming week on the anticipation of lower carry forward stocks amidst good demand. However, some dips is likely to witness during the last couples of days in the week on profit booking interest as well as on some technical correction.

Medium Term (1 Month): Bearish on increasing arrivals.

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 (08.10.06)

- Morning's upper air cyclonic circulation over east central & adjoining northeast Bay of Bengal extending upto mid-tropospheric level persists. Under its influence, a low pressure area is likely to form within 1-2 days causing increase in rainfall activity over Orissa, Gangetic West Bengal and north Coastal Andhra Pradesh.
- The off-shore trough extending from Karnataka to Kerala coast persists.
- Conditions are favourable for further withdrawal of southwest monsoon from some more parts of west, central and east India during next 48 hours.

Heavy Rainfall Warning:

- Isolated heavy to very heavy falls are likely over Andaman & Nicobar Islands, Coastal Karnataka and Kerala.

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

- Scattered to fairly widespread rainfall activity is likely over south peninsula and along east coast.

Source: GOI (IMD)

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 oversold region and moving upwards.

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 bullish movement.

Market Outlook:

The guar seeds futures is likely to remain firm in the coming week on the anticipation of lower carry forward stocks amidst good demand. However, some dips is likely to witness during the last couples of days in the week on profit booking interest as well as on some technical correction.



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 remain firm in the coming week on the anticipation of lower carry forward stocks amidst good demand. However, some dips is likely to witness during the last couples of days in the week on profit booking interest as well as on some technical correction.



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