

GUAR SEED and GUAR GUM

October'30th-November'06th 2006

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Weak on Speculative Selling**
- **Arrivals Increasing at Spot Amidst Good Demand**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar sentiments weaken further on increasing arrivals reportedly 60,000-70,000 bags per day. Continuous inflow of fresh arrivals amidst good demand is mainly driving the market sentiments. Moreover, selling activities at futures market is also pressurizing the spot market tone. However, in Bikaner as well as Jodhpur market the fresh arrival is somewhat less. The stockists are the active buyers. Millers remain inactive at higher price levels. Peak arrivals might be pressurized the market sentiments on the coming days. There is a rumor in the market that NAFED is likely to purchase guar seed from open market of Sriganganagar. NAFED's purchasing in the coming days would be support the market at the lower levels. Traders are optimistic about recovery in guar prices in short period on good demand. The arrivals expected to increase further in the higher price levels as some farmers tend to cancel selling their products once they see prices moving downwards. At the Bikaner market guar seed was quoted lower in the range of Rs.1780-1870 per quintal, while at the Jodhpur market it was offered lower too between Rs. 1950-2000 per quintal during this week. At the Jodhpur market prices of guar gum quoted weak in the range of Rs.4900-5140 per quintal during this week.

Guar Futures Market

The guar futures traded sharply southwards throughout the week at NCDEX. Increased selling interest among the investors moving the futures market towards floor levels. However, some buying interest at lower levels recovers the futures from some of the early losses at weekend. The volume of trade is in lower levels while open interest remained steady at the higher side during this week under review. The investors are holding their contracts on the speculation of more profit in coming days. The Stochastic is moving slightly upwards. MACD is in positive territory and moving upwards indicating firm tone at medium terms. Stock Position of guar seed at NCDEX accredited warehouses, as on November 02, 2006 is 11242 MT. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1896-1919 per qtl, while the most active December contract moved in the range of Rs. 1934-1962 per qtl. Guar Gum November contract traded in the range of Rs. 4840-4950 per qtl, while the most active December contract moved in the range of Rs. 4931-4990 per qtl. during the Monday. The guar sentiment is likely to remain weak in the first couple of days in the week on increasing arrivals.

However, increased buying support at lower price levels might be recovered 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
		28.10.06	06.11.06	
Guar Seed	Bikaner	1800	1820-1825	-25.00
	Jodhpur	1950	1875	-25.00
	Nokha	1795	1770-1790	-5.00
	Sriganganagar	1800	1750	-50.00
Guar Gum	Jodhpur	5044	5044	-

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
28.10.06	1835.00	1831.70	5035.15
30.10.06	1836.55	1828.20	5057.00
31.10.06	1852.25	1830.20	5105.10
01.10.06	1833.85	1823.95	5098.70
02.10.06	1839.20	1821.45	5060.25
03.10.06	1815.15	1814.45	5014.35
04.10.06	1875.00	1851.95	5117.50
06.10.06	1851.25	1825.10	5060.90
Change	-16.25	-6.60	-25.75

Guar Seed Futures Prices at NCDEX

Dates	Nov. Contract		Dec. Contract		Jan. Contract	
	Open	Close	Open	Close	Open	Close
28.10.06	1933	1882	1977	1926	2027	1972
30.10.06	1893	1920	1934	1969	1984	2011
31.10.06	1935	1919	1985	1961	2023	2003
01.10.06	1903	1895	1950	1936	1990	1977
02.10.06	1890	1887	1935	1925	1976	1966
03.10.06	1884	1920	1927	1963	1965	2007
04.10.06	1928	1926	1972	1968	2018	2017
06.10.06	1915	1907	1962	1947	2009	1992

Guar Gum Futures Prices at NCDEX

Dates	Nov. Contract		Dec. Contract		Jan. Contract	
	Open	Close	Open	Close	Open	Close
28.10.06	4906	4781	5050	4894	5180	4996
30.10.06	4785	4890	4945	5003	5051	5099
31.10.06	4925	4884	5048	4989	5062	5095
01.10.06	4863	4828	4940	4927	5069	5021
02.10.06	4805	4836	4900	4909	5005	4998
03.10.06	4845	4907	4915	5001	5005	5088
04.10.06	4935	4930	5025	5022	5125	5110
06.10.06	4950	4870	4975	4961	5080	5054

PRICE DRIVERS:

1. Anticipation of higher production about 75-80 lakh bags as against last year 50-55 lakh bags
2. Continuous flow of fresh arrivals about 60,000-70,000 bags per day in all over India
3. Farmers unwillingness to release their stocks at lower price levels
4. Selling interest 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. Decreasing volumes amidst higher open interest.

OUTLOOK:

Short Term (1 Week): The guar sentiment is likely to remain weak in the first couple of days in the week on increasing arrivals. However, increased buying support at lower price levels might be recovered 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.

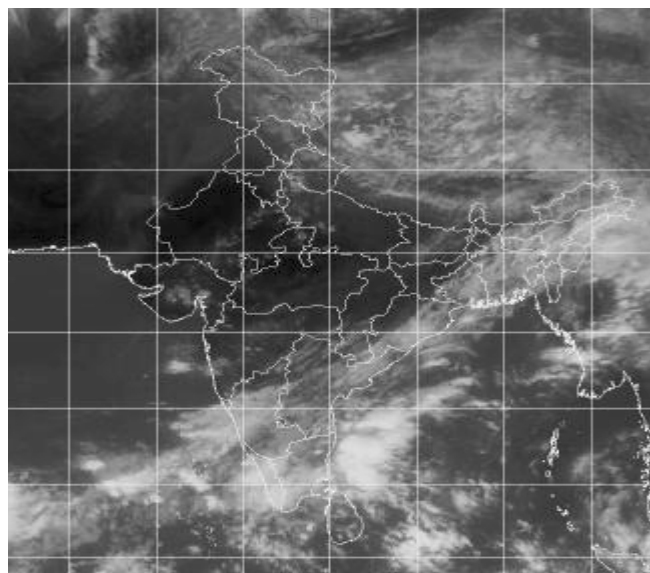
Monsoon Outlook (07.11.06)

- Night temperatures are prevailing between 16-18° C over plains of northwest and central India and are 3-5° C above normal. These above normal night temperature conditions are likely to continue with a possibility of further increase during next 2-3 days.
- Under the influence of an easterly wave, fairly widespread rainfall with isolated heavy falls is likely over Tamil Nadu & Pondicherry, Kerala and south coastal Andhra Pradesh during next 2-3 days. Scattered to fairly widespread rainfall is also likely along the remaining parts of east coast during the same period.

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

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

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: %K line is going up and prevailed above %D line at neutral region.

MACD: MACD is in positive territory and indicating steady market as medium terms.

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

Market Outlook:

The guar seeds futures is likely to remain weak in the first couple of days in the week on increasing arrivals. However, increased buying support at lower price levels might be recovered 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: %K line is going up and prevailed above %D line at neutral region.

MACD: MACD is in positive territory and indicating steady market as medium terms.

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

Market Outlook:

The guar gum futures is likely to remain weak in the first couple of days in the week on increasing arrivals. However, increased buying support at lower price levels might be recovered the sentiments at later part of the week.



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