

GUAR SEED and GUAR GUM

November 20th-27th, 2006

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Tested Contract Months' High**
- **Spot Prices Remained Tight on Good Demand**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar offers some higher prices at spot market as compared to previous week on the advice of upwards trading at futures market. Good demand from stockists as well as export houses in the context of somewhat lower arrivals is supporting the tone. The arrival is reportedly about 45,000-50,000 bags in all over India. The current price levels in different major markets of guar are higher as against the corresponding period of the last year. According to the traders in Rajasthan the total production in the current year is likely to be higher from the previous year's production of 5 lakhs MT. However, some sources reported that the current output is likely to be lower from the early expectation. Export demand is remained steady so far but likely to increase in the coming days. Farmers are very cautious about releasing their stocks. They are looking forward for further bullish tone ahead. At the Bikaner market guar seed was quoted higher in the range of Rs.1900-2000 per quintal, while at the Jodhpur market it was offered higher too between Rs. 1950-2075 per quintal. At the Jodhpur market prices of guar gum offered in the range of Rs.5100-5300 per quintal during this week.

Guar Futures Market

The buying interest among the investors is firming up the NCDEX Guar Futures. The January futures reached contract months' high at Rs.2170 per qtl. during Fridays' trade on good buying support. The volume is seen decreasing while Open interest is steady at some higher levels during this week under review. The stochastic is in overbought region and moving upwards further. MACD is in positive territory and moving upwards. Stock Position of guar seed at NCDEX accredited warehouses has increased to 12233 MT as on November 23, 2006 as against last week. . At the NCDEX, Guar Seed December contract traded in the range of Rs. 2087-2113 per qtl, while the most active January contract moved in the range of Rs. 2137-2165 per qtl. Guar Gum December contract traded in the range of Rs. 5308-5359 per qtl, while the most active January contract moved in the range of Rs. 5430-5487 per qtl. during Saturday's trade. The guar sentiment is likely to trade firm on good demand amidst decreasing arrivals. However, some temporary dips are expected on higher price levels on technical correction.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		18.11.06	25.11.06	
Guar Seed	Bikaner	1890-1900	2000	+100.00
	Jodhpur	1950-1970	2060-2075	+105.00
	Nokha	1840	1870-1880	+40.00
	Sriganganagar	1840	1920	+80.00
Guar Gum	Jodhpur	5100	5300	+200.00

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
18.11.06	1917.05	1867.70	5138.95
20.11.06	1932.05	1874.50	5174.00
21.11.06	1930.00	1874.55	5169.00
22.11.06	1980.50	1943.35	5376.20
23.11.06	2020.00	1941.65	5364.65
24.11.06	2022.75	1963.40	5411.80
25.11.06	2028.90	1965.40	5395.00
Change	+111.85	+97.70	+256.05

Guar Seed Futures Prices at NCDEX

Dates	Dec. Contract		Jan. Contract		Feb. Contract	
	Open	Close	Open	Close	Open	Close
18.11.06	2009	1994	2058	2044	2096	2086
20.11.06	1993	2010	2046	2058	2083	2102
21.11.06	2012	2004	2059	2052	2100	2098
22.11.06	2010	2079	2055	2130	2104	2186
23.11.06	2140	2071	2145	2122	2194	2172
24.11.06	2072	2101	2125	2154	2178	2204
25.11.06	2102	2100	2158	2152	2206	2203

Guar Gum Futures Prices at NCDEX

Dates	Dec. Contract		Jan. Contract		Feb. Contract	
	Open	Close	Open	Close	Open	Close
18.11.06	5145	5108	5240	5214	5363	5314
20.11.06	5160	5124	5221	5244	5360	5349
21.11.06	5130	5121	5250	5230	5340	5342
22.11.06	5165	5301	5260	5418	5365	5531
23.11.06	5318	5290	5440	5379	5595	5484
24.11.06	5285	5336	5391	5461	5508	5573
25.11.06	5325	5322	5468	5456	5561	5563

PRICE DRIVERS:

1. Anticipation of somewhat lowers production from early expectation.
2. Lower arrivals as compared to last week.
3. Farmers interest to sell their stock gradually at higher price levels.
4. Speculative buying activities among investors of futures market.
5. Hoarding interest of stockists.
6. Steady export demand.
7. Lower guar seed price expectation of millers.
8. Decreasing volumes and steady open interest at some higher levels.

OUTLOOK:

Short Term (1 Week): The guar sentiment is likely to trade firm on good demand amidst decreasing arrivals. However, some temporary dips are expected on higher price levels on technical correction.

Medium Term (1 Month): Bullish on the anticipation of increasing demand amidst decreasing arrivals.

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

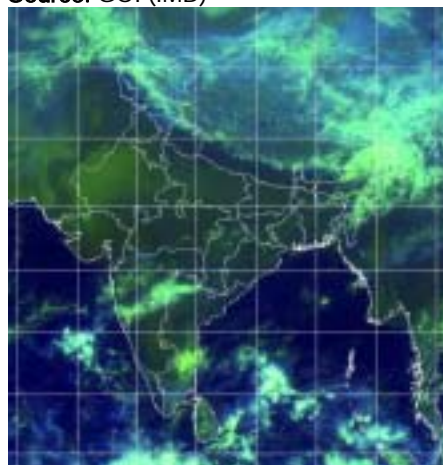
Monsoon Outlook (25.11.06)

- Night temperatures have fallen by 3-4°C over northwest India and adjoining central India. They have become near normal over some parts of the plains of northwest India but are still above normal by 2-4°C over remaining parts of northwest and adjoining central India.
- Current meteorological analysis suggest they will fall further by 2-3°C over north & central India thus becoming normal over the region during next 1-2 days. Night temperatures are also likely to fall over parts of East India.
- Subdued rainfall activity is likely to continue over south Peninsula during next 3-4 days.

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

- Fall in the night temperature over East India and Maharashtra.
- Subdued rainfall activity likely to continue over south Peninsula.
- Mainly dry weather likely to continue over northwest India.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (25.11.06)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)
NCDEX January Contract

Candlestick: Formation of Candlestick pattern is hinting somewhat firm sentiments. Buyers mainly dominated the market at lower price levels.

Stochastic: The stochastic is in overbought region and moving slightly downwards.

MACD: MACD is in positive territory and moving upwards.

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

Market Outlook:

The guar seeds futures are likely to trade firm on good demand amidst decreasing arrivals. However, some temporary dips are expected on higher price levels on technical correction.



TECHNICAL ANALYSIS

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Perspective: Very Short Term (Weekly)
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Market Outlook:

The guar gum futures are likely to trade firm on good demand amidst decreasing arrivals. However, some temporary dips are expected on higher price levels on technical correction.



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