

GUAR SEED and GUAR GUM

November'06th-11th, 2006

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Traded Mostly Range-Bound**
- **Dwindling Arrivals at Lower Price Levels**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar prices mostly offer with range-bound with firm undertone. The average intake in the market is reported to be around 60000-6500 bags on all over India. Despite the continuous flow of fresh arrivals the price did not go much dip because of good demand from stockists. However, the lackluster trading activities at futures market hinder the rallies in prices. The Stockists remained active buyers. Mill owners have been waiting for the increase in guar gum prices while some decline at guar seed prices. The farmers are not interested to release their stocks at lower price levels. Therefore, the arrivals have been dwindling at lower price levels. Traders are optimistic about rising in guar prices in short period on good demand. However, the arrivals are likely to increase further in the end of this month. Peak arrivals might be pressurized the market sentiments on the coming days. At the Bikaner market guar seed was quoted in the range of Rs.1820-1850 per quintal, while at the Jodhpur market it was offered between Rs. 1900-1950 per quintal during this week. At the Jodhpur market prices of guar gum offered in the range of Rs.5000-5075 per quintal during this week.

Guar Futures Market

The lackluster trading activities have been seen at the NCDEX Guar Futures on wait and see strategies among most of the investors. The futures were surrounded by both side boundary and confined in the range of Rs.1912-1985 throughout the week. However, increased buying interest was seen at lower levels. The volume of trade is decreasing sharply while open interest remained steady at the higher side during this week under review. The stochastic is in normal region. The %K line has made bullish crossover with the %D line and moving upward. MACD is in negative territory and moving slightly upwards. Stock Position of guar seed at NCDEX accredited warehouses has increased to 11272 MT as on November 09, 2006 as against last week. At the NCDEX, Guar Seed November contract traded in the range of Rs. 1903-1927 per qtl, while the most active December contract moved in the range of Rs. 1944-1971 per qtl. Guar Gum November contract traded in the range of Rs. 4898-4945 per qtl, while the most active December contract moved in the range of Rs. 4980-5060 per qtl. During weekend. The guar sentiment is likely to trade range bound with firm undertone on good demand amidst fresh arrivals.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		06.11.06	10.11.06	
Guar Seed	Bikaner	1820-1825	1850	+25.00
	Jodhpur	1875	1930	+45.00
	Nokha	1770-1790	1820	+30.00
	Sriganganagar	1750	1810	+60.00
Guar Gum	Jodhpur	5044	5050-5075	+31.00

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
06.11.06	1851.25	1825.10	5060.90
07.11.06	1846.25	1826.20	5049.95
08.11.06	1832.50	1811.60	5037.50
09.11.06	1850.75	1824.55	5083.00
10.11.06	1840.25	1825.15	5052.15
Change	-11.25	+0.05	-8.75

Guar Seed Futures Prices at NCDEX

Dates	Nov. Contract		Dec. Contract		Jan. Contract	
	Open	Close	Open	Close	Open	Close
06.11.06	1915	1907	1962	1947	2009	1992
07.11.06	1907	1887	1942	1924	1985	1965
08.11.06	1905	1912	1914	1952	1955	1994
09.11.06	1911	1902	1956	1942	1998	1985
10.11.06	1903	1909	1940	1951	1982	1995

Guar Gum Futures Prices at NCDEX

Dates	Nov. Contract		Dec. Contract		Jan. Contract	
	Open	Close	Open	Close	Open	Close
06.11.06	4950	4870	4975	4961	5080	5054
07.11.06	4870	4829	4925	4914	5030	5011
08.11.06	4830	4867	4980	4978	4993	5076
09.11.06	4877	4877	4971	4945	5075	5051
10.11.06	4870	4884	4969	4993	5051	5086

PRICE DRIVERS:

1. Anticipation of somewhat lowers production from early expectation.
2. Continuous flow of fresh arrivals about 60,000-70,000 bags per day in all over India.
3. Dwindling arrivals at lower price levels.
4. Lackluster trading activities at futures market.
5. Stockists speculation to increase the guar prices in long term
6. Lower guar seed price expectation of millers
7. Decreasing volumes amidst higher open interest.

OUTLOOK:

Short Term (1 Week): The guar sentiment is likely to trade range bound with firm undertone on good demand amidst fresh arrivals.

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.

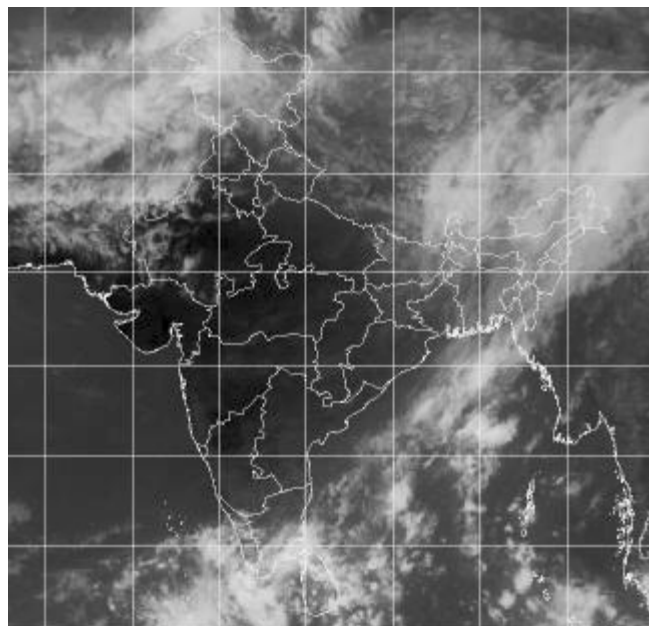
Monsoon Outlook (11.11.06)

- Under the influence of a western disturbance over north Pakistan and neighbourhood. Scattered rain/snowfall activity is likely over Jammu & Kashmir during next two days.
- The night temperatures are about 1-2 °C above normal over most parts of north & central India. No significant change in night temperatures is expected over these regions during next 1-2 days.
- Under the influence of the easterly wave, fairly widespread rainfall are likely over Tamil Nadu & Pondicherry and south Coastal Andhra Pradesh during next 1-2 days. Isolated/scattered rain/thundershowers are also likely over adjoining parts south peninsula during the same period.

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

- Scattered rainfall activity is likely over south peninsula.
- Fall in night temperatures likely over northwest India.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (11.11.06)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)
NCDEX October Contract

Candlestick: Formation of candlestick is Candlestick pattern is indicating some bearish sentiments. Sellers mainly dominated the market at higher price levels.

Stochastic: The stochastic is in normal region and moving slightly upwards.

MACD: MACD is in negative territory and moving slightly upwards.

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

Market Outlook:

The guar seeds futures is likely to trade range bound with firm undertone on good demand amidst fresh arrivals.



TECHNICAL ANALYSIS

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Market Outlook:

The guar gum futures is likely to trade range bound with firm undertone on good demand amidst fresh arrivals.



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