

GUAR SEED and GUAR GUM

December 11th - 16th '2006

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Rangebound**
- **Spot Prices Remained Steady to Firm**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Lackluster trading activities at futures market kept the spot guar prices mostly rangebound during the week. The arrivals are reportedly steady about 30000-40000 bags a day. Farmers are more interested to holding their stocks in the speculation of getting profit near future. Weak export so far is pressurizing the market sentiments. Pakistan is offering guar at lower price as compare to India. However, Indian exporters are very optimistic about good export in near futures as Pakistan stocks is decreasing sharply and India contributes around 80 per cent in the world's total guar production. In the year of 2005-06, India exported Rs 1,067 crore worth of guar gum, which is expected to touch Rs 1,200 crore in 2006-07. The millers demand is improving slightly at lower price levels. Stockists remain the active buyers. Rising export demand amidst lower arrivals would improve the sentiments in coming future. At the Bikaner market guar seed was quoted down in the range of Rs.1880-1950 per quintal, while at the Jodhpur market it was offered down between Rs. 2000-2040 per quintal. At the Jodhpur market prices of guar gum offered in the range of Rs.5100-5356 per quintal during this week.

Guar Futures Market

NCDEX guar futures witnessed rangebound with weak undertone sentiments during the week. Lackluster trading activities are mostly prevailed in the market. In the NCDEX, The January guar seed contract traded within the range of Rs.2103-2017 per qtl during the week. In the MCX the January guar seed contract traded in the range of Rs.2020-2109 during the week. In NCDEX the volume as well open interest was in slightly decreasing trend during this week under review. However, in MCX both the volume and open interest has increased as compared to previous week. Stochastic is in normal region and moving upwards. MACD is in negative territory and moving slightly upwards. Prices closed just below 9-day and 18-day EMA. Stock Position of guar seed at NCDEX accredited warehouses has increased to 14963 MT as on December 13, 2006 as against last week's 14158 MT. No delivery intention for the NCDEX December contract is reported from warehouse. The guar sentiment is likely to witness rangebound with firm undertone on improve demand from millers and steady arrivals in the coming week. However, sluggish export scenario as well as profit taking interest would pressurize the tone at higher levels.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		09.12.06	16.12.06	
Guar Seed	Bikaner	1880	1950	+70.00
	Jodhpur	2020	2040	+20.00
	Nokha	1851	1905	+54.00
	Sriganganagar	1880	1900	+20.00
Guar Gum	Jodhpur	5000	5356	+356.00

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
09.12.06	1913.45	1903.75	5235.75
11.12.06	1935.40	1916.95	5247.15
12.12.06	1946.05	1929.85	5309.65
13.12.06	1930.50	1922.05	5275.85
14.12.06	1958.20	1934.50	5312.65
15.12.06	1980.00	1954.55	5386.00
16.12.06	1953.55	1932.30	5311.00
Change	+40.10	+28.55	+75.25

Guar Seed Futures Prices at NCDEX

Dates	Dec. Contract		Jan. Contract		Feb. Contract	
	Open	Close	Open	Close	Open	Close
09.12.06	1994	1979	2031	2021	2080	2070
11.12.06	1988	2016	2025	2062	2075	2111
12.12.06	2025	2005	2064	2043	2115	2090
13.12.06	1995	1989	2036	2030	2081	2076
14.12.06	1991	2059	2031	2096	2076	2146
15.12.06	2060	2037	2099	2075	2149	2123
16.12.06	2033	2029	2074	2064	2122	2112

Guar Gum Futures Prices at NCDEX

Dates	Dec. Contract		Jan. Contract		Feb. Contract	
	Open	Close	Open	Close	Open	Close
09.12.06	5040	5009	5160	5131	5265	5247
11.12.06	5021	5071	5170	5225	5270	5338
12.12.06	5100	5067	5222	5180	5322	5286
13.12.06	5032	5032	5170	5151	5285	5257
14.12.06	5080	5198	5154	5305	5269	5411
15.12.06	5210	5150	5283	5262	5360	5367
16.12.06	5056	5099	5240	5216	5276	5323

PRICE DRIVERS:

- 1.Higher production as compared to previous year
- 2.Lower export prices of Pakistani guar compared to Indian guar
- 3.Speculation of higher export in near future on depleting Pakistani stocks
4. Millers demand has improved
5. Stockists are the active buyers

OUTLOOK:

Short Term (1 Week): Markets are likely to remain rangebound with firm undertone on improve demand from millers and steady arrivals in the coming week. However, sluggish export scenario as well as profit taking interest would pressurize the tone at higher levels.

Medium Term (1 Month): Firm on the anticipation of increased export demand and decreasing arrivals.

Long Term (3 Months): Bullish amidst expectation of higher domestic as well as export demand and stockists activities.

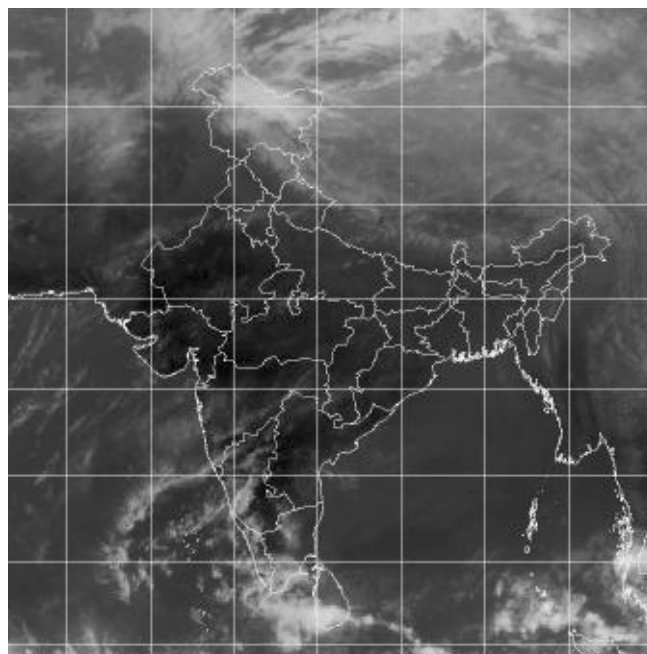
METEOROLOGICAL ANALYSIS (16.12.06)

- A western disturbance as an upper air system affected the Western Himalayan region during 7-8th. Another western disturbance also affected this region during 10-11th. Uttar Pradesh, Bihar, Sub-Himalayan West Bengal & Sikkim and northeastern States were also affected due to the eastward movement of this system.
- Last week's trough in mid-tropospheric westerlies moved away eastwards. However, a fresh trough in mid-tropospheric westerlies ran roughly along Long. 72° E and north of Lat 20° N on 10th, along Long. 75° E and north of Lat 20° N on 11th and moved way eastwards thereafter.
- A weak easterly wave moved across south peninsular region during the week

Outlook For The Week Ending On December 20th 2006

- Subdued rainfall activity over south peninsula.
- A fresh western disturbance is likely to affect Western Himalayan region during the week.
- No significant change in minimum temperature over plains of northwest India and Gangetic plains.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (16.12.06)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)
NCDEX January Contract

Candlestick: Formation of Candlestick pattern is hinting range bound to weak tone.

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

MACD: MACD is in negative 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 remain rangebound with firm undertone on improve demand from millers and steady arrivals in the coming week. However, sluggish export scenario as well as profit taking interest would pressurize the tone at higher levels.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)
NCDEX January Contract

Candlestick: Formation of Candlestick pattern is hinting weak sentiments. Sellers mainly dominated the market.

Stochastic: The stochastic is in oversold region and moving downwards.

MACD: MACD is in negative territory and moving downwards.

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

Market Outlook:

The guar gum futures are likely to remain rangebound with firm undertone on improve demand from millers and steady arrivals in the coming week. However, sluggish export scenario as well as profit taking interest would pressurize the tone at higher levels.



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