

GUAR SEED and GUAR GUM

December 04th - 11th '2006

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Southwards on Selling Pressure**
- **Spot Prices Remained Weak**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar traded bearish at domestic market in tandem with the futures market. The arrivals are reportedly increased to about 40000-45000 bags a day from 30000-35000 bags a day of last week. The export scenario is lethargic so far as Pakistan is offering guar at lower price as compare to India. However, India contributes around 80 per cent in the world's total guar production. After the end of Pakistan's stocks the export demand will be rising from India. Rising demand from export side as well as stockists interest of buying would support the sentiments at coming future. The total out put of guar is expected to be higher from the previous year 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. In the current year the stocks of mill owners are reported to be very low so far, as they really can't afford to the current price levels. At the Bikaner market guar seed was quoted down in the range of Rs.1880-1990 per quintal, while at the Jodhpur market it was offered down between Rs. 1980-2080 per quintal. At the Jodhpur market prices of guar gum offered in the range of Rs.5000-5356 per quintal during this week.

Guar Futures Market

NCDEX guar futures fell sharply during the week due to profit booking at higher levels and selling pressure. In the NCDEX, The January contract traded within the range of Rs.2010-2162 per qtl. during the week. In the MCX the January contract traded bearish in the range of Rs.2022-2173.50 during the week. In both the exchanges the volume as well open interest was decreasing during this week under review. The stochastic is in oversold region and moving downwards. MACD is in negative territory and moving downwards. Stock Position of guar seed at NCDEX accredited warehouses has increased to 14158 MT as on December 6, 2006 as against last week's 12,920 MT. The guar sentiment is likely to turn weak on sluggish export demand and increased arrivals in the coming week. However, some temporary support at lower price levels due technical correction expected.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		02.12.06	09.12.06	
Guar Seed	Bikaner	1970-1980	1880	-100.00
	Jodhpur	2050-2070	2020	-50.00
	Nokha	1920	1851	-69.00
	Sriganganagar	1900-1910	1880	-30.00
Guar Gum	Jodhpur	5356	5000	-356.00

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
02.12.06	2033.75	1976.50	5447.00
04.12.06	2033.75	1977.90	5453.50
05.12.06	2018.20	1968.45	5429.95
06.12.06	1975.45	1964.30	5409.25
07.12.06	1918.75	1916.75	5272.10
08.12.06	1925.00	1922.20	5277.55
09.12.06	1913.45	1903.75	5235.75
Change	-120.30	-72.75	-211.25

Guar Seed Futures Prices at NCDEX

Dates	Dec. Contract		Jan. Contract		Feb. Contract	
	Open	Close	Open	Close	Open	Close
02.12.06	2088	2085	2141	2132	2190	2181
04.12.06	2070	2100	2128	2154	2178	2202
05.12.06	2085	2079	2141	2132	2190	2181
06.12.06	2071	2022	2125	2071	2183	2120
07.12.06	2020	2012	2062	2057	2111	2105
08.12.06	2017	1995	2062	2040	2111	2089
09.12.06	1994	1979	2031	2021	2080	2070

Guar Gum Futures Prices at NCDEX

Dates	Dec. Contract		Jan. Contract		Feb. Contract	
	Open	Close	Open	Close	Open	Close
02.12.06	5294	5280	5400	5400	5535	5520
04.12.06	5261	5309	5370	5455	5500	5563
05.12.06	5280	5274	5405	5399	5550	5510
06.12.06	5234	5115	5415	5245	5520	5354
07.12.06	5115	5078	5222	5203	5336	5310
08.12.06	5055	5051	5205	5183	5280	5291
09.12.06	5040	5009	5160	5131	5265	5247

PRICE DRIVERS:

1. Anticipation of higher production as compared to last 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. Increased arrival over last week
5. Stockists selling at higher price levels
6. Weak millers demand

OUTLOOK:

Short Term (1 Week): Markets are likely to remain weak during week ahead and may go up thereafter on increased buying activity due to technical correction.

Medium Term (1 Month): Bullish on the speculation 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.

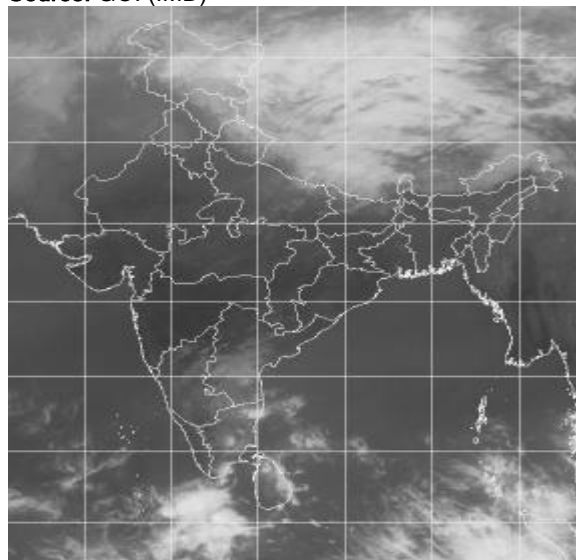
Monsoon Outlook (10.12.06)

- Under the influence of a western disturbance scattered rain/snowfall activity is likely to occur over western Himalayan region during next 36 hours. Isolated rain/thundershowers is also likely to occur over plains of northwest India during the same period.
- Cold wave conditions are prevailing over some parts of southwest Rajasthan and likely to extend into more parts of Rajasthan with eastward movement of the present western disturbance.
- Night temperatures are likely to fall by 2-4°C over northwest India and cold wave conditions are likely to develop over some parts of northwest India from 12th onwards.
- Lowest night temperature in the plains of the country was 5.6°C recorded at Sirsa in Haryana.
- Under the influence of an easterly wave scattered to fairly widespread rain is likely over south peninsular India during next 48 hours.

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

- Decrease in rainfall activity over south peninsular India.
- Fall in night temperature over northwest, central and east India.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (10.12.06)

TECHNICAL ANALYSIS

Commodity: Guar Seed

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 seeds futures are likely to remain weak during week ahead and may go up thereafter on increased buying activity due to technical correction.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

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Market Outlook:

The guar gum futures are likely to remain weak during week ahead and may go up thereafter on increased buying activity due to technical correction.



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