

GUAR SEED and GUAR GUM

November'27th-December04th '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 sentiments are spiraling up at the physical market on the context of good demand amidst lower arrivals. The arrivals are reportedly declined to about 35,000-40,000 bags a day from the peak of 60,000 bags a day before earlier part of last week. The export scenario is sluggish 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 further increase the prices at coming future. According to the trade sources the country's production of guar seed is estimated to be higher around 70 lakh bags as against previous year production of 50 lakh bags. However the early expectation of current production is higher about more than 80 lakh bags. 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 stockists remain the active buyers. However, the lower demand is witnessing from millers as well as textile industries so far. But the demand will emerge, as the industry will start purchasing. At the Bikaner market guar seed was quoted higher in the range of Rs.1920-2000 per quintal, while at the Jodhpur market it was offered higher too between Rs. 2000-2120 per quintal. At the Jodhpur market prices of guar gum offered in the range of Rs.5150-5400 per quintal during this week.

Guar Futures Market

The speculative buying interest among the investors is supporting the NCDEX Guar Futures. The January guar seed futures reached contract months' high at Rs.2189 per qtl. during the week. However, profit taking is also witnessed at higher levels. In the NCDEX, The January contract is hovered within the range of Rs.2047-2189 per qtl. during the week. In the MCX the January contract is traded in the range of Rs.2060-2205 during the week. In both the exchange the volume is seen decreasing while Open interest is steady at some higher levels during this week under review. The stochastic is in normal region and moving upwards. The %K line has made bullish crossover with %D line. MACD is in positive territory and moving upwards. Stock Position of guar seed at NCDEX accredited warehouses has increased to 12920 MT as on November 30, 2006 as against last 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.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		25.11.06	02.12.06	
Guar Seed	Bikaner	2000	1970-1980	-20.00
	Jodhpur	2060-2075	2050-2070	-5.00
	Nokha	1870-1880	1920	+40.00
	Sriganganagar	1920	1900-1910	-10.00
Guar Gum	Jodhpur	5300	5356	+56.00

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
25.11.06	2028.90	1965.40	5395.00
27.11.06	2057.50	1998.85	5497.70
28.11.06	2032.50	1976.20	5402.30
29.11.06	1952.50	1931.05	5280.50
30.11.06	1956.25	1926.15	5283.55
01.12.06	2010.50	1957.20	5367.45
02.12.06	2033.75	1976.50	5447.00
Change	+4.85	+11.10	+52.00

Guar Seed Futures Prices at NCDEX

Dates	Dec. Contract		Jan. Contract		Feb. Contract	
	Open	Close	Open	Close	Open	Close
25.11.06	2102	2100	2158	2152	2206	2203
27.11.06	2112	2119	2159	2172	2213	2223
28.11.06	2124	2105	2181	2155	2231	2204
29.11.06	2100	2024	2152	2071	2195	2120
30.11.06	2025	2015	2070	2059	2113	2108
01.12.06	2020	2086	2069	2136	2113	2185
02.12.06	2088	2085	2141	2132	2190	2181

Guar Gum Futures Prices at NCDEX

Dates	Dec. Contract		Jan. Contract		Feb. Contract	
	Open	Close	Open	Close	Open	Close
25.11.06	5325	5322	5468	5456	5561	5563
27.11.06	5352	5400	5466	5510	5605	5626
28.11.06	5381	5346	5529	5454	5638	5566
29.11.06	5280	5178	5400	5251	5455	5355
30.11.06	5130	5095	5253	5221	5370	5326
01.12.06	5100	5279	5250	5407	5365	5526
02.12.06	5294	5280	5400	5400	5535	5520

PRICE DRIVERS:

1. Anticipation of somewhat lowers production from early expectation.
2. High prices of Indian guar as compare to Pakistan make the export uncompetitive so far
3. Export is likely to increase from India as Pakistan stocks is finishing sharply
4. India contributes around 80 per cent in the world's total guar production
5. Decreasing arrivals as compared to last week.
6. Farmers interest to sell their stock gradually at higher price levels.
7. Hoarding interest of stockists
8. Speculative buying activities among investors of futures market.
9. Lower guar seed price expectation of millers.

10. 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.

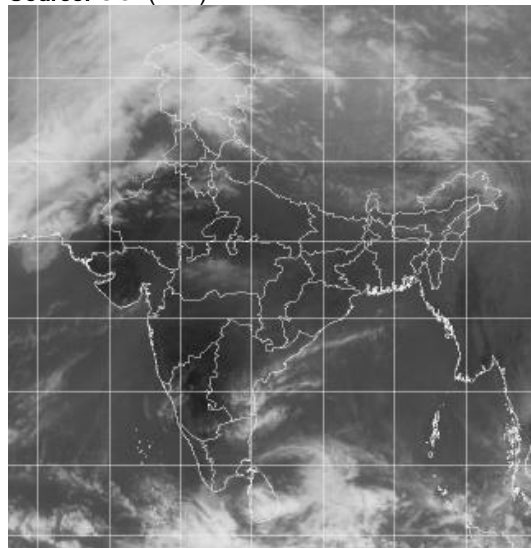
Monsoon Outlook (02.12.06)

- Numerical weather models suggest that northwest India is likely to be affected by a western disturbance during the period 3rd to 6th December, under its influence enhanced snowfall activity with isolated heavy falls is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal commencing from 3rd. Plains of northwest India are also likely to experience scattered rain/thundershower activity from 4th onwards.
- Day temperatures are likely to fall whereas night temperatures are likely to increase over northwest India during the above period
- Lowest night temperature in the plains of the country was 4.0°C recorded at Adampur in Punjab.

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

- Fairly widespread snowfall activity with isolated heavy falls is likely over Western Himalayan region. Scattered rain/thundershowers also likely over the plains of northwest India.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (02.12.06)

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 normal region and moving slightly upwards. The %K line is likely to cross %D line from the below.

MACD: MACD is in positive territory and moving slightly 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

Commodity: Guar Gum

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 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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