

GUAR SEED and GUAR GUM

December 18th - 26th '2006

MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Spot market prices of guar eased during the week under review. Bearish tone of futures market mainly added bearish note at the spot prices of guar. The arrivals decline to 25000-30000 bags a day in all over India, as the farmers are unwilling to sell their stock at lower prices. They are more interested to hold their stocks to get higher prices in near future. India's export scenario is likely to increase because Pakistan's stock gradually decreasing day by day and India contributes around 75-80 per cent of global guar gum export. 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 expected to increase at higher guar gum price coupled with lower guar seed prices. Stockists remain the active buyers. Traders are waiting for sharply bullish tone of futures market. 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.1846-1950 per quintal, while at the Jodhpur market it was offered between Rs. 2000-2040 per quintal. At the Jodhpur market prices of guar gum offered in the range of Rs.5096-5356 per quintal during this week.

Guar Futures Market

NCDEX guar futures witnessed sharply bearish tone during the week on speculative selling amidst weak technical support. In the NCDEX, The February guar seed contract slipped down and tested contact months' low at the weekend and traded in the range of Rs.1995-2151 per qtl during the week. In the MCX the February guar seed contract remained bearish and hovered in the range of Rs.1995-2153 during the week. In both the exchange the volume as well open interest remained up during this week under review. Stochastic is in oversold region and moving downwards. MACD is in negative territory and moving downwards. The guar sentiment is likely to witness some downwards during the first half of the week. However, improve demand along with technical correction will firm the sentiments in later half of the week.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		16.12.06	23.12.06	
Guar Seed	Bikaner	1950	1900	-50.00
	Jodhpur	2040	2000	-40.00
	Nokha	1905	1872	-33.00
	Sriganganagar	1900	1900	-
Guar Gum	Jodhpur	5356	5070	-286.00

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
16.12.06	1953.55	1932.30	5311.00
18.12.06	1955.65	1942.70	5304.00
19.12.06	1936.60	1924.05	5269.15
20.12.06	1927.50	1916.30	5254.70
21.12.06	1933.15	1924.70	5265.70
22.12.06	1926.00	1912.90	5212.00
23.12.06	1877.50	1867.75	5083.00
Change	-76.05	-64.55	-228

Guar Seed Futures Prices at NCDEX

Dates	Jan. Contract		Feb. Contract		Mar. Contract	
	Open	Close	Open	Close	Open	Close
16.12.06	2074	2064	2122	2112	2167	2159
18.12.06	2061	2088	2111	2096	2156	2137
19.12.06	2046	2053	2090	2076	2132	2118
20.12.06	2025	2057	2075	2095	2111	2135
21.12.06	2046	2050	2085	2057	2130	2100
22.12.06	2012	2033	2052	2004	2092	2045
23.12.06	1972	1982	1995	2005	2040	2043

Guar Gum Futures Prices at NCDEX

Dates	Jan. Contract		Feb. Contract		Mar. Contract	
	Open	Close	Open	Close	Open	Close
16.12.06	5240	5216	5276	5323	5455	5412
18.12.06	5224	5172	5332	5280	5450	5378
19.12.06	5169	5120	5270	5222	5350	5328
20.12.06	5083	5138	5170	5242	5310	5346
21.12.06	5130	5029	5250	5134	5293	5245
22.12.06	5010	4883	5106	4989	5200	5094
23.12.06	4863	4881	4980	4975	5073	5069

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.

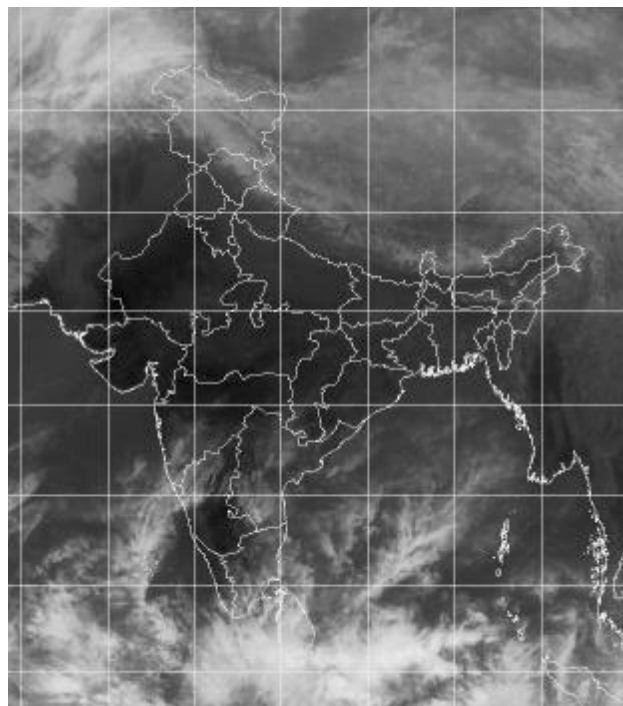
METEOROLOGICAL ANALYSIS (26.12.06)

- A western disturbance affected Western Himalayan region on 14th and moved away eastwards thereafter.
- A cyclonic circulation at lower tropospheric levels lay over Bangladesh and neighbourhood during 17-18th and over Nagaland, Manipur, Mizoram and Tripura and neighbourhood on 19th.
- A weak easterly wave affected Nicobar islands, Tamil Nadu & Pondicherry and Lakshadweep during the week.

Outlook For The Week Ending On December 27th 2006

- A fresh western disturbance is likely to affect Western Himalayan region during second half of the week.
- Rise in night temperature by 2-3°C over plains of northwest India and Gangetic plains during middle of the week and fall towards the end of the week.
- Subdued rainfall activity over south peninsula during second half of the week.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (23.12.06)

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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