

GUAR SEED and GUAR GUM

January15th -January22nd '2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Lacklustre**
- **Spot Prices Observed Steady to Weak**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

The guar physical market witnessed on an average a weak sentiment during this week under review. The prices of both the guar seed as well as guar gum were quoted steady to lower in this week as against the last week. Arrivals noted between 400-250 bags in Nokha, 1100-1000 bags in Bikaner. Overall arrivals at the major physical markets declined to 15,000 bags from 20,000 bags a day in all over India due to the unwillingness of farmers and Stockists to release their stock at lower prices. Stockist's main objective to hold the stock is to do spot-futures arbitrage (Buy in spot and sell in futures) when the futures prices recover. Slight demand from millers observed during the week. Apart from the fundamentals, the prices at the physical markets were mainly driven by the futures prices. Traders are expecting that the prices of both the guar seed as well guar gum would witness further uptrend in the coming days. At the Bikaner market guar seed was quoted in the range of Rs.1825-1850 per quintal, while at the Jodhpur market it was offered between Rs. 1940-2000 per quintal. At the Jodhpur market prices of guar gum offered in the range of Rs.4992-5044 per quintal during this week.

Guar Futures Market

NCDEX guar futures traded down during the week on selling pressure. In the NCDEX, The February guar seed contract tumbled down with lower open interest as well as volumes as compare to last week and traded at Rs. 1963 per qtl. as against previous week's closing of Rs.1974 per qtl and hovered in the range of Rs.1941-2030 per qtl during the week. The stock Position of guar seed at NCDEX accredited Warehouses as on 18-Jan-07 is reported to higher about 20340 MT. In the MCX also the February guar seed contract slid down and hovered in the range of Rs.1940.5-2031.0 during the week. The volume as well open interest has decreased. Stochastic is in normal region and moving upwards following a bullish crossover. MACD is in negative territory and moving upwards. The guar sentiment is likely to move upwards during the coming week.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		20.01.07	13.01.07	
Guar Seed	Bikaner	1860	1840	-5
	Jodhpur	2000	2000	-50
	Nokha	1810	1804	+16
	Sriganganagar	1765	1790	-5
Guar Gum	Jodhpur	5018	5148	-130

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
15.01.07	1875.00	1858.55	5041.10
16.01.07	1849.60	1839.00	4986.75
17.01.07	1871.60	1876.25	5067.75
18.01.07	1867.50	1871.30	5034.25
19.01.07	1862.50	1870.45	5038.35
20.01.07	1884.65	1877.55	5049.65
22.01.07	1881.50	1874.35	5076.50
Change	+6.50	+15.80	+35.40

Guar Seed Futures Prices at NCDEX

Dates	Jan. Contract		Feb. Contract		Mar. Contract	
	Open	Close	Open	Close	Open	Close
13.01.07	1947	1950	1981	1982	2014	2021
15.01.07	1955	1937	1982	1966	2023	2004
16.01.07	1931	1930	1966	1966	2001	2004
17.01.07	1925	1932	1966	1967	2000	2000
18.01.07	1930	1919	1967	1957	1996	1990
19.01.07	1931	1907	1957	1962	1988	1995

Guar Gum Futures Prices at NCDEX

Dates	Jan. Contract		Feb. Contract		Mar. Contract	
	Open	Close	Open	Close	Open	Close
13.01.07	4812	4851	4921	4936	5040	5027
15.01.07	4943	4848	4947	4898	5030	4990
16.01.07	4815	4820	4890	4895	4980	4976
17.01.07	4821	4832	4874	4927	4979	4994
18.01.07	4820	4855	4925	4902	4980	4961
19.01.07	4801	4869	4895	4904	4974	4963

PRICE DRIVERS:

1. Higher production as compared to previous year
2. Unwillingness of stockists as well as farmers to take out their stocks in expectation of price rise
3. Lower export prices of Pakistani guar compared to Indian guar
4. Speculation of higher export in near future on depleting Pakistani stocks
5. Some demand from millers
6. Arbitrage interest of traders

OUTLOOK:

Short Term (1 Week): Range bound with firm biasness on steady demand amidst decreasing arrivals at lower price levels.

Medium Term (1 Month): Firm on the anticipation of rising export demand amidst depleting stocks.

Long Term (3 Months): Bullish amidst expectation of higher domestic as well as export demand amidst meager arrivals.

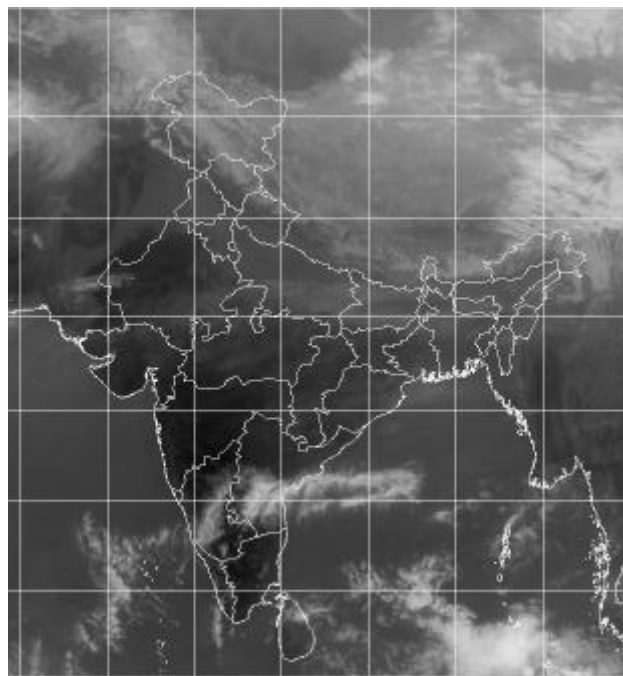
METEOROLOGICAL ANALYSIS (22.01.07)

- A weak easterly wave affected Nicobar Islands and coastal Tamil Nadu during the week.
- A cyclonic circulation at lower levels lay over Assam and neighbourhood during 11-13th. It lay over Nagaland, Manipur, Mizoram & Tripura and neighbourhood during 14-16th with a trough extending upto Sub-Himalayan West Bengal & Sikkim at lower levels.
- A cyclonic circulation at lower levels lay over Gangetic West Bengal & adjoining north Orissa and Jharkhand on 16th evening. It lay over Gangetic West Bengal and neighbourhood with a trough extending towards south Orissa on 17th.

Outlook For The Week Ending On January 24th 2007

- Rise in night temperature over Indo-Gangetic plains during next 1-2 days and fall thereafter along with fog condition at some places.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (22.01.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX February Contract

Candlestick: Formation of Candlestick pattern exhibits indecisive market.

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

MACD: MACD is in negative 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 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 February Contract

Candlestick: Formation of Candlestick pattern exhibits indecisive market.

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

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

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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