

GUAR SEED and GUAR GUM

January 2nd - January 8th '2007

MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Lacklustre trading activity is going on in the guar spot market where the spot prices eased in the majority of market amidst weak demand and steady to lower arrivals. The arrival remained 18000-20000 bags a day in all over India as the farmer are not interested to release their stock at lower prices. They are holding the stock to get maximum price in near future. Further, the Indian Guar Gum Manufacturers Association in Jodhpur represented to the Minister of State for Commerce their demand to ban guar seed and guar gum from forward trading as they feel that forward trading has created serious problems for exporters and had benefited only speculators. Lower guar gum quotation of Pakistan mainly affects India's export scenario so far. However, India will have a good opportunity of export in near future as the stock position of Pakistan is decreasing sharply. India exports about 1.5-2 lakh tonnes of guar gum produce annually. The millers demand is expected to increase at higher guar gum price coupled with lower guar seed prices. The disparity in prices will help them to make profit. At the Bikaner market guar seed was quoted down in the range of Rs.1825-1850 per quintal, while at the Jodhpur market it was offered between Rs. 1945-1980 per quintal. At the Jodhpur market prices of guar gum offered in the range of Rs.4966-5148 per quintal during this week.

Guar Futures Market

NCDEX guar futures turned bullish during the week on buying interest. Improve export demand added underlying support to bullish movement. In the NCDEX, The February guar seed contract traded up with almost steady open interest and higher volume as compared to last week and traded at Rs. 2041 per qtl. as against previous week's closing of Rs.1995 per qtl and hovered in the range of Rs.1951-2049 per qtl during the week. The stock position of guar seed at NCDEX accredited Warehouses as on 04-Jan-07 is reported to be higher about 18068 MT. In the MCX also the February guar seed contract regained from last week's plunge and hovered in the range of Rs.1941-2049 during the week. The volume as well as open interest decreased sharply. Stochastic is in normal region and moving upwards. MACD is in negative territory and moving upwards. The guar sentiment is likely to remain firm during the coming week.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qlt)

Particular	Centre	Date		Change
		06.01.07	02.01.07	
Guar Seed	Bikaner	1840	1950	-110
	Jodhpur	2000	2040	-40
	Nokha	1804	1905	-101
	Sriganganagar	1790	1900	-110
Guar Gum	Jodhpur	5148	5356	-208

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qlt)

Dates	Bikaner	Jodhpur	Guar Gum
01.01.07	1872.15	1860.10	5109.00
02.01.07	1858.35	1848.30	5034.40
03.01.07	1843.75	1845.25	5015.30
04.01.07	1860.00	1856.25	5045.85
05.01.07	1906.50	1876.05	5131.90
06.01.07	1919.30	1895.75	5215.15
08.01.07	1911.65	1890.25	5167.20
Change	+39.5	+30.15	+58.20

Guar Seed Futures Prices at NCDEX

Dates	Jan. Contract		Feb. Contract		Mar. Contract	
	Open	Close	Open	Close	Open	Close
01.01.07	1965	1945	1995	1977	2029	2016
02.01.07	1939	1936	1975	1970	2010	2009
03.01.07	1935	1938	1969	1973	2005	2012
04.01.07	1943	1954	1979	1994	2018	2035
05.01.07	1961	2002	2003	2041	2040	2083
06.01.07	2007	1986	2051	2022	2093	2061

Guar Gum Futures Prices at NCDEX

Dates	Jan. Contract		Feb. Contract		Mar. Contract	
	Open	Close	Open	Close	Open	Close
01.01.07	4850	4804	4940	4893	5041	4996
02.01.07	4782	4783	4882	4883	4978	4976
03.01.07	4799	4806	4880	4911	4989	5009
04.01.07	4875	4856	4920	4955	4980	5052
05.01.07	4890	5034	4960	5129	5079	5229
06.01.07	5035	4975	5180	5066	5250	5161

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. Millers are waiting for the increase in guar gum prices.

OUTLOOK:

Short Term (1 Week): Range bound with weak biasness on poor demand.

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

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

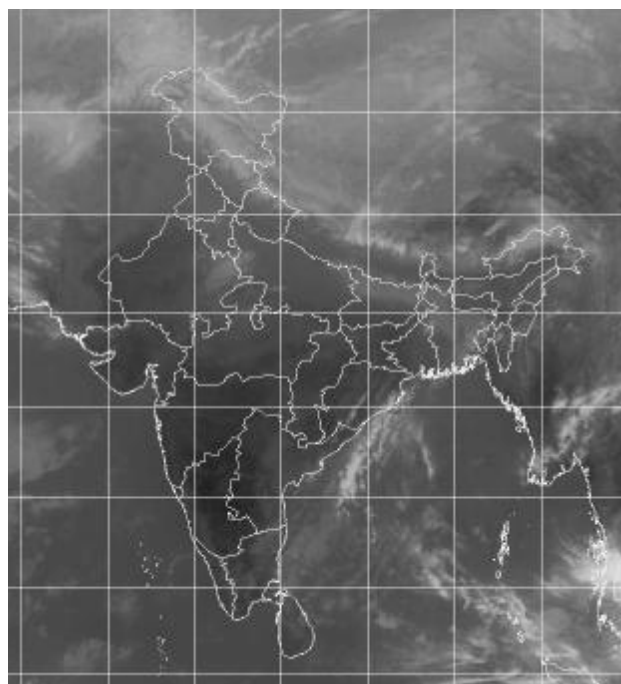
METEOROLOGICAL ANALYSIS (08.01.07)

- A cyclonic circulation extending upto lower tropospheric levels lay over Assam & Meghalaya and neighbourhood during 28th December 2006 to 2nd January 2007. It moved eastwards and lay over Nagaland, Manipur, Mizoram & Tripura and neighbourhood on 3rd.
- A western disturbance as an upper air system lay over north Pakistan and neighbourhood on 30th; over north Kashmir and neighbourhood on 31st and it moved away eastwards thereafter. However, dense fog occurred over plains of northwest India in the rear of this disturbance.
- A weak easterly wave affected Nicobar Islands on 28th December.

Outlook For The Week Ending On January 10th 2007

- Isolated rain/thundershower is likely over Sub-Himalayan West Bengal & Sikkim and northeastern States during 8-9th.
- Fog conditions and fall in night temperatures are likely over plains of northwest India during 7-9th.
- A fresh western disturbance is likely to affect western Himalayan region from 10th.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (08.01.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX January Contract

Candlestick: Formation of Candlestick pattern exhibits bearish sentiment.

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

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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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