

GUAR SEED and GUAR GUM

December 26th - January 2nd '2007

MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar spot market observed lacklustre trade during the week under review. Spot market prices of guar eased in the major market mainly due to the continuing bearish tone of futures market. The buyers have been closely monitoring the futures market for buying decision. Some bullishness in the futures market will motivate them to buying. The arrivals declined to 20000-25000 bags a day in all over India as farmers are not releasing their stock in lower prices. They are holding the stock to get maximum price in near future. Lower guar gum quotation of Pakistan mainly affects India's export scenario here. However, exporters will have a good opportunity in near future to export guar gum as the Pakistan's stock is decreasing sharply. 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.1847-1900 per quintal, while at the Jodhpur market it was offered between Rs. 1910-2000 per quintal. At the Jodhpur market prices of guar gum offered in the range of Rs.5044-5200 per quintal during this week.

Guar Futures Market

NCDEX guar futures remain bearish during the week on selling pressure. Lower export demand at higher price levels added underlying support at bearish movement. In the NCDEX, The February guar seed contract tumbled down with almost steady open interest and lower volume as compare to last week and tested a fresh contract months' low at Rs. 1955 per qtl. and hovered in the range of Rs.1955-2036 per qtl during the week. The stock Position of guar seed at NCDEX accredited Warehouses as on 28-Dec-06 is reported to 17668 MT. In the MCX also the February guar seed contract remained weak with spill over trading activities and hovered in the range of Rs.1947-2036 during the week. The volume as well open interest decreased sharply, indicating possibility of technical correction. Stochastic is in oversold region and moving upwards. MACD is in negative territory and moving slightly upwards. The guar sentiment is likely to remain range bound with firm biasness during the coming week.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		02.01.07	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
23.12.06	1877.50	1867.75	5083.00
26.12.06	1879.15	1882.25	5117.45
27.12.06	1897.90	1888.70	5129.05
28.12.06	1862.90	1870.55	5079.05
29.12.06	1835.00	1835.90	4992.55
30.12.06	1856.90	1853.90	5029.95
01.01.07	1872.15	1860.10	5109.00
Change	-5.35	-7.65	+26

Guar Seed Futures Prices at NCDEX

Dates	Jan. Contract		Feb. Contract		Mar. Contract	
	Open	Close	Open	Close	Open	Close
23.12.06	1972	1982	1995	2005	2040	2043
26.12.06	1972	1974	2013	2006	2043	2045
27.12.06	1974	1989	2000	2022	2041	2061
28.12.06	1985	1950	2016	1981	2058	2018
29.12.06	1947	1937	1977	1969	2015	2008
30.12.06	1943	1961	1968	1998	2010	2037
01.01.07	1965	1945	1995	1977	2029	2016

Guar Gum Futures Prices at NCDEX

Dates	Jan. Contract		Feb. Contract		Mar. Contract	
	Open	Close	Open	Close	Open	Close
23.12.06	4863	4881	4980	4975	5073	5069
26.12.06	4861	4881	4965	4979	5035	5079
27.12.06	4891	4941	4961	5042	5074	5138
28.12.06	4969	4818	5041	4917	5135	5023
29.12.06	4770	4797	4902	4889	4985	4984
30.12.06	4815	4863	4900	4950	5000	5054
01.01.07	4850	4804	4940	4893	5041	4996

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.

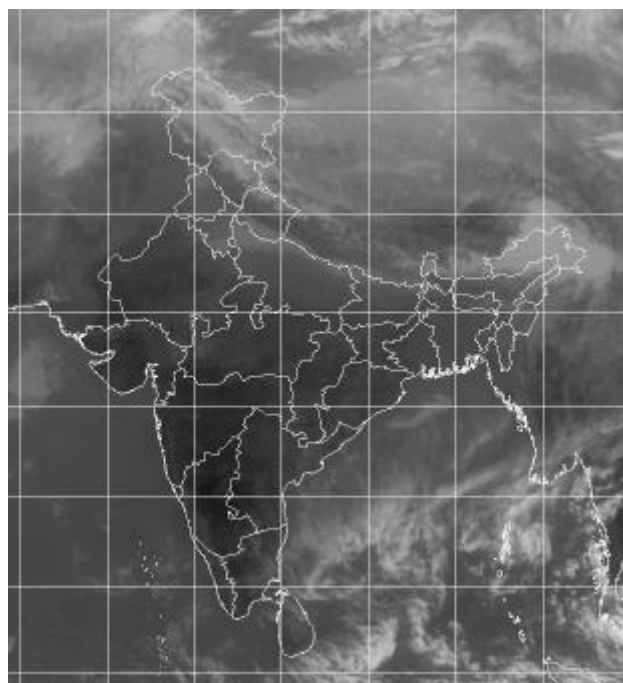
METEOROLOGICAL ANALYSIS (02.01.07)

- A western disturbance affected Western Himalayan region during 21-22nd and moved away eastwards thereafter.
- Another western disturbance affected Western Himalayan region during 25-26th and moved away eastwards affecting northeastern States on 27th. In association with this disturbance an induced cyclonic circulation formed over West Rajasthan and neighbourhood extending upto 2.1 Km above sea level on 25th. It persisted over the same area on 26th and became less marked on 27th.
- A weak easterly wave affected extreme south peninsula during 21-24th.

Outlook For The Week Ending On January 3rd 2007

- A fresh western disturbance is likely to affect Western Himalayan region from 31st December.
- Rise in night temperature over plains of northwest India for 2-3 days commencing from 30th December.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (02.01.07)

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 oversold region and moving slightly 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 January Contract

Candlestick: Formation of Candlestick pattern exhibits bearish sentiment.

Stochastic: The stochastic is in oversold region and moving slightly 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.



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd