

GUAR SEED and GUAR GUM

19 -26 February, 2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Range Bound With Slightly Firm Sentiment**
- **Spot Prices Observed Steady to Slightly Firm**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar spot market observed lacklustre trading activity during the week under review. The prices of both guar seed and guar gum remained steady to slightly on stronger side during the week amidst improved demand from miller and exporters against the steady arrivals. Overseas demand for guar gum from UK and China has improved during the week and exporters were active in meeting the demand. Overall arrivals reportedly stood steady at 10000-11000 bags a day during the week. According to market sources, some stockists are ready to offload their stocks at current levels and shift to chana, as chana arrivals are likely to pick up in coming month. Meanwhile, Union Minister of State for Commerce stated that the center may partly-fund an ambitious research project on early maturing guar variety of Haryana Agricultural University (HAU) as the export of the commodity from the state is increasing. The Centre is ready to contribute its share if the state agrees to levy a cess on guar exports. Prices are expected to remain firm in coming days on gradually increasing export demand. At the Bikaner market guar seed was quoted in the range of Rs.1724-1770 per quintal, while in Jodhpur, it was offered at Rs. 1835 - 1900 per quintal. At Jodhpur, market prices of guar gum stood in the range of Rs.4500 - 4625 per quintal during this week.

Guar Futures Market

Guar futures tested the contract months' low in both the exchanges during the week and traded mostly range bound with firm biasness on some buying support at lower side. In the MCX the March guar seed contract traded around Rs.1854/mtl as against last week's closing of Rs.1864/mtl. and hovered in the range of Rs.1805-1915 during the week. The stock Position of guar seed at MCX accredited warehouses increased to 8655.772 MT as on 22.02.07 as against 8555.747 MT during last week. The volume as well open interest has decreased. In the NCDEX, March guar seed contract traded around Rs.1875/mtl. as against last week's closing of Rs.1869/mtl with lower volumes and open interest as compared to last week and hovered in the range of Rs.1811-1903 per mtl during the week. The stock Position of guar at NCDEX accredited Warehouses is reported to higher about 24143 MT as on 22-Feb-07 as against last weeks' 23702 MT.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Particular	Centre	Date		Change
		24.02.07	17.02.07	
Guar Seed	Bikaner	1775	1740	+35
	Jodhpur	1910	1850	+60
	Nokha	1715	1700	+15
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4645	4530	+115

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
17.02.07	1732.65	1761.40	4547.40
19.02.07	1723.95	1747.80	4507.25
20.02.07	1756.50	1776.85	4562.50
21.02.07	1760.40	1776.55	4566.85
22.02.07	1760.80	1783.10	4587.50
23.02.07	1776.25	1791.30	4596.00
24.02.07	1783.95	1790.15	4604.35
Change	+51.3	+28.75	+56.95

Guar Seed Futures Prices at NCDEX

Dates	Mar. Contract		April. Contract		May. Contract	
	Open	Close	Open	Close	Open	Close
17.02.07	1869	1833	1903	1868	1940	1904
19.02.07	1827	1843	1868	1880	1903	1919
20.02.07	1844	1881	1882	1920	1922	1958
21.02.07	1889	1853	1928	1890	1962	1928
22.02.07	1849	1891	1883	1935	1922	1973
23.02.07	1889	1876	1927	1916	1966	1955
24.02.07	1875	1885	1920	1928	1957	1966

Guar Gum Futures Prices at NCDEX

Dates	Mar. Contract		April. Contract		May. Contract	
	Open	Close	Open	Close	Open	Close
17.02.07	4552	4500	4655	4575	4675	4687
19.02.07	4520	4545	4580	4610	4669	4691
20.02.07	4542	4611	4590	4692	4692	4779
21.02.07	4602	4539	4695	4615	4840	4697
22.02.07	4520	4633	4600	4719	4652	4795
23.02.07	4645	4562	4680	4651	4785	4759
24.02.07	4580	4585	4650	4681	4725	4755

PRICE DRIVERS:

1. Higher production as compared to previous year
2. Improved demand from Millers and Exporters
3. Exclusion of VAT from Rajasthan
4. Improved export demand from China and UK
5. Lower arrivals at lower price level
6. Expectation of higher exports

OUTLOOK:

Short Term (1 Week): Prices are likely to remain steady to slightly firm due to improved demand from millers and exporters

Medium Term (1 Month): Prices expected to remain firm on anticipation of rising export demand

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

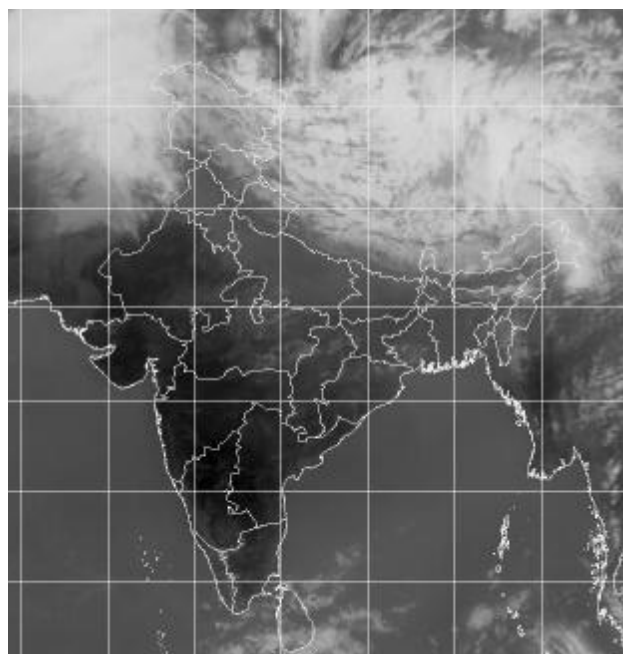
METEOROLOGICAL ANALYSIS (26.02.07)

- Last week's western disturbance as an upper air system over East Uttar Pradesh and adjoining Bihar lay over Assam & Meghalaya on 15th, over east Arunachal Pradesh and adjoining Assam on 16th and moved away eastwards on 17th. However, another upper air cyclonic circulation lay over Bangladesh and neighbourhood at lower levels on 17th and 18th.
- A fresh western disturbance affected Western Himalayan region during 16-18th. Another western disturbance affected the region from afternoon of 20th.
- An easterly wave affected south peninsula and Lakshadweep islands during 17-21st.

Outlook For The Week Ending On February 28th 2007

- Due to a western disturbance, isolated to scattered rain/thundershower is likely over northwest & Central India on 25th, over east India on 25th & 26th and over northeast India on 26th.
- Another western disturbance is likely to affect Western Himalayan region and adjoining plains towards the end of the week.
- Isolated to scattered rain/thundershowers likely over extreme south peninsula during 2nd half of the week.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (26.02.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)
NCDEX March Contract

Candlestick: Formation of Candlestick pattern exhibits bearish sentiment.

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

MACD: MACD is in negative region 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 March Contract

Candlestick: Formation of Candlestick pattern exhibits bullish sentiment.

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

MACD: MACD is in negative region and moving 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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