

## GUAR SEED and GUAR GUM

12 -19 February, 2007

### MAJOR ACTIVITY HIGHLIGHTS

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

### MARKET COMMENTARY OF MAJOR MARKETS

#### Guar Physical Market

Bearish sentiments is engulfing the guar spot market, where the prices of both guar seed as well as guar gum reflecting steady decline during the week amidst higher stock position in market, weak demand from millers and slow down of export demand from china due to new year holidays. Consequently overall arrivals declined and it is reportedly placed at 10000-12000 bags a day. According to trade sources, the importers in China and UK are waiting for further fall in prices for placing orders. Besides speculative selling in the futures market and consequent fall in futures prices has dampened the spot market sentiments. Market sources in their desperation are looking at coming sowing season and likely behavior of monsoon and its impact on crop planting. Prices are likely to remain weak in short term due to subdued sentiments. However, expectation of higher export order of 210,000 bags as against 184000 bags is likely to provide some support to falling prices in the near future. At the Bikaner market guar seed was quoted in the range of Rs.1740-1765 per quintal, while in Jodhpur, it was offered at Rs. 1855 -1875 per quintal. At Jodhpur, market prices of guar gum stood in the range of Rs.4550 - 4636 per quintal during this week.

#### Guar Futures Market

Increased fresh selling and long liquidation tumbled down the guar futures in both the exchange during the week. In the MCX the March guar seed contract traded down around Rs.1864/qlt as against last week's closing of Rs.1916/qlt. and hovered in the range of Rs.1836.5-1972.0 during the week. The stock Position of Commodities at MCX accredited warehouses increased to 8555.747 MT as on 15.02.07 as against 8433.377 MT during 6.02.07. The volume as well open interest has increased. In the NCDEX, March guar seed contract traded down around Rs.1869/qlt. as against last week's closing of Rs.1915/qlt with lower volumes and Open Interest as compared to last week and hovered in the range of Rs.1837-1942 per qtl during the week. The stock Position of guar at NCDEX accredited Warehouses as on 15-Feb-07 is reported to higher about 23702 MT as against last weeks' 23284 MT.

#### Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qlt)

Particular	Centre	Date		Change
		17.02.07	10.02.07	
Guar Seed	Bikaner	1740	1815	-75
	Jodhpur	1850	1930	-80
	Nokha	1700	1780	-80
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4530	4888	-358

#### Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qlt)

Dates	Bikaner	Jodhpur	Guar Gum
10.02.07	1803.15	1800.25	4659.30
12.02.07	1809.80	1818.95	4708.70
13.02.07	1798.75	1803.90	4689.60
14.02.07	1767.50	1784.10	4628.50
15.02.07	1742.00	1760.40	4537.50
16.02.07	1757.90	1765.00	4562.50
17.02.07	1732.65	1761.40	4547.40
<b>Change</b>	<b>-70.50</b>	<b>-38.85</b>	<b>-111.90</b>

### Guar Seed Futures Prices at NCDEX

Dates	Feb. Contract		Mar. Contract		April. Contract	
	Open	Close	Open	Close	Open	Close
10.02.07	1888	1899	1908	1938	1945	1977
12.02.07	1903	1886	1938	1924	1980	1963
13.02.07	1873	1862	1924	1900	1958	1938
14.02.07	1869	1815	1900	1852	1937	1887
15.02.07	1810	1816	1852	1865	1888	1901
16.02.07	1815	1822	1865	1869	1896	1903
17.02.07	1821	1791	1869	1833	1903	1868

### Guar Gum Futures Prices at NCDEX

Dates	Feb. Contract		Mar. Contract		April. Contract	
	Open	Close	Open	Close	Open	Close
10.02.07	4680	4710	4738	4783	4811	4842
12.02.07	4759	4678	4785	4754	4865	4824
13.02.07	4685	4619	4750	4675	4825	4744
14.02.07	4570	4479	4652	4553	4730	4629
15.02.07	4455	4488	4532	4571	4600	4650
16.02.07	4500	4478	4561	4566	4642	4645
17.02.07	4550	4413	4552	4500	4655	4575

### PRICE DRIVERS:

1. Higher production as compared to previous year
2. Weak demand from Millers
3. Higher stock position in market
4. Low 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 weak due to subdued demand and higher stock position

**Medium Term (1 Month):** 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.

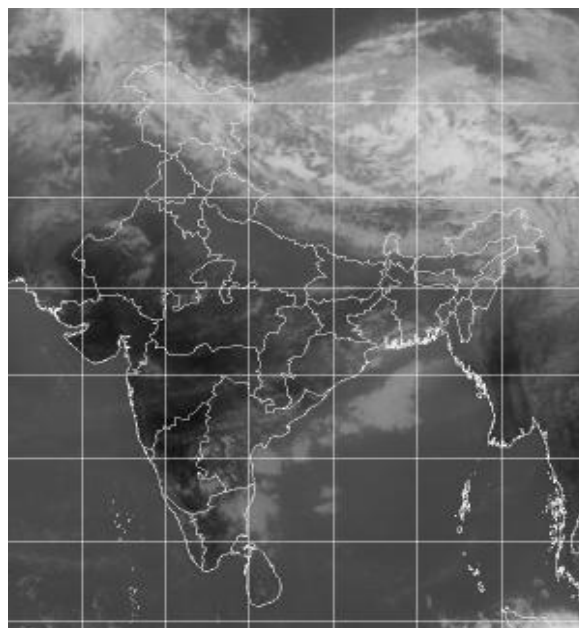
### METEOROLOGICAL ANALYSIS (19.02.07)

- Last week's western disturbance as an upper air system moved away eastwards on 8th.
- A fresh western disturbance as a low pressure area lay over central Pakistan on 9th. Moving slowly in an east-northeasterly direction, it lay over central Pakistan and adjoining Rajasthan and Punjab on 10th. It persisted there on 11th and 12th. Moving further east-northeastwards slowly it weakened and lay as an upper air system over Haryana and neighbourhood extending upto mid-tropospheric level on 13th. It lay over East Uttar Pradesh and adjoining Bihar extending upto 3.1 km a.s.l. on 14th with a trough from this system extending upto south coastal Orissa.
- An upper air cyclonic circulation extending upto 1.5 km a.s.l. lay over Jharkhand and neighbourhood with a trough running upto south Chhattisgarh on 13th and became less marked on 14th.
- A trough in easterly at lower levels lay over southwest Bay of Bengal off Tamil Nadu coast on 9th and off south Tamil Nadu on 10th. It ran from Commorin area to south Tamil Nadu on 11th and from Commorin area to Kerala on 12th. It moved away westwards on 13th.

### Outlook For The Week Ending On February 21st 2007

- Scattered precipitation activity is likely over Western Himalayan region and adjoining northern plains for 2-3 days commencing from 17th.
- Night temperatures are likely to exhibit no significant change over Indo-Gangetic plains till 18th and slight fall thereafter.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (17.02.07)

## TECHNICAL ANALYSIS

**Commodity:** Guar Seed

**Perspective:** Very Short Term (Weekly)

**NCDEX February Contract**

**Candlestick:** Formation of Candlestick pattern exhibits bearish sentiment.

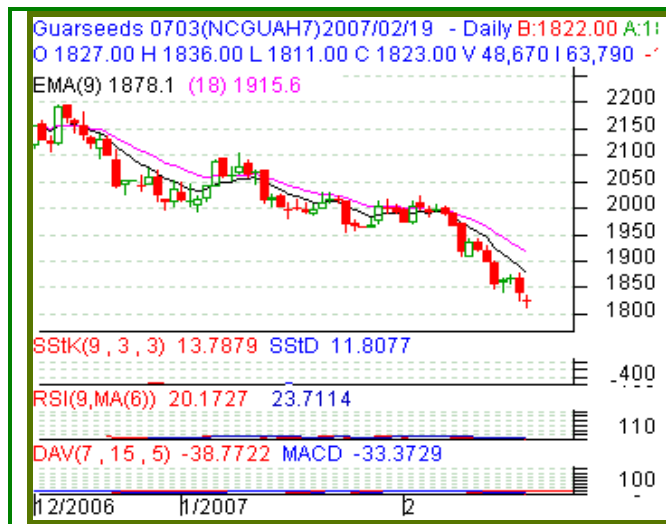
**Stochastic:** The stochastic is in oversold region and moving upwards.

**MACD:** MACD is in negative territory and moving downwards.

**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 bearish sentiment.

**Stochastic:** The stochastic is in negative region and moving upwards.

**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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