

GUAR SEED and GUAR GUM

05 -12 February, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

The guar spot market witnessed weak sentiments during the week under review. The prices of both guar seed as well as guar gum declined continuously during the week amidst sluggish demand from processors and stockists, as the processors were seen procuring seed as per their immediate requirements, while stockists bought limited quantity as they already have ample stocks. Consequently the overall arrivals declined and it is reportedly placed at 15000-16000 bags a day. According to trade sources arrivals are expected to improve by March, when the export demand is likely to pick up. Further, the diversion of overseas demand to Pakistan had also affected the spot market sentiments, as Pakistan is quoting at Rs. 4200 lower by Rs. 600 against the Indian prices. Besides speculative selling in the futures market and consequent fall in futures prices has dampened the spot market sentiments. At the Bikaner market guar seed was quoted in the range of Rs.1825-1850 per quintal, while in Jodhpur, it was offered at Rs. 1930 -1975 per quintal. At Jodhpur, market prices of guar gum stood in the range of Rs.4836 - 4914 per quintal during this week.

Guar Futures Market

Increased selling pressure traded down the guar futures sharply in both the exchange during the week. In the MCX the March guar seed contract tumbled down and traded around Rs. 1916/mtl as against last week's closing of Rs.2005/mtl. and hovered in the range of Rs.1907-2021 during the week. The stock Position of Commodities at MCX accredited warehouses decreased to 8433.377 MT as on 06th Feb 2007 as against 8683.182 MT on 31st Jan 2007. The volume as well open interest has decreased. In the NCDEX, March guar seed contract traded down around Rs. 1915/mtl. with more or less steady volumes and lower Open Interest as compared to last week and hovered in the range of Rs.1906-2024 per mtl during the week. The stock Position of guar at NCDEX accredited Warehouses as on 01-Feb-07 is reported to higher about 23284 MT as against last weeks' 21986 MT.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Particular	Centre	Date		Change
		10.02.07	03.02.07	
Guar Seed	Bikaner	1815	1835	-20
	Jodhpur	1930	1950	-20
	Nokha	1780	1840	-60
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4888	4888	-

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
05.02.07	1860.20	1860.65	4940.00
06.02.07	1868.35	1876.95	4944.15
07.02.07	1861.25	1864.35	4935.60
08.02.07	1851.75	1857.90	4925.15
09.02.07	1824.40	1841.85	4849.90
10.02.07	1803.15	1800.25	4659.30
Change	-57.50	-60.40	-280.70

Guar Seed Futures Prices at NCDEX

Dates	Feb. Contract		Mar. Contract		April. Contract	
	Open	Close	Open	Close	Open	Close
05.02.07	1965	1954	1997	1991	2035	2030
06.02.07	1959	1961	1995	1998	2033	2036
07.02.07	1960	1950	1999	1988	2034	2026
08.02.07	1950	1935	1990	1972	2027	2009
09.02.07	1927	1879	1970	1916	2001	1955
10.02.07	1888	1899	1908	1938	1945	1977

Guar Gum Futures Prices at NCDEX

Dates	Feb. Contract		Mar. Contract		April. Contract	
	Open	Close	Open	Close	Open	Close
05.02.07	4880	4863	4940	4937	5025	5011
06.02.07	4884	4874	4950	4949	5045	5028
07.02.07	4887	4862	4955	4927	4975	5010
08.02.07	4842	4838	4947	4881	5000	4948
09.02.07	4811	4664	4869	4721	4944	4786
10.02.07	4680	4710	4738	4783	4811	4842

PRICE DRIVERS:

1. Higher production as compared to previous year
2. Weak demand from processors, stockists and exporters
3. Fresh western disturbance affecting arrivals
4. Lower export prices of Pakistani guar compared to Indian guar
5. Arbitrage interest of traders

OUTLOOK:

Short Term (1 Week): Prices are likely to remain weak due to weak demand and steady arrivals

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.

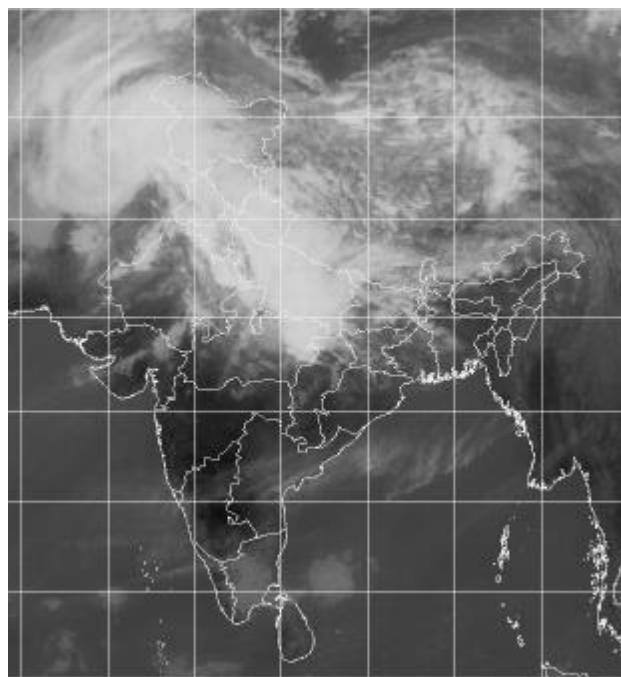
METEOROLOGICAL ANALYSIS (12.02.07)

- A western disturbance as an upper air system lay over Jammu & Kashmir and neighbourhood on 3rd and moved away eastwards on 4th. Another western disturbance as an upper air system affected Western Himalayan region during 5-6th and was moving away eastwards on 7th.
- An induced upper air cyclonic circulation in the lower levels lay over West Rajasthan and neighbourhood on 5th, over northeast Rajasthan and adjoining Haryana on 6th and over Haryana and neighbourhood on 7th.
- A cyclonic circulation in the lower levels lay over East Uttar Pradesh and adjoining Bihar on 6th & 7th. A trough from this system extended up to north Telangana on 7th.
- Another cyclonic circulation in the lower levels lay over Gangetic West Bengal and neighbourhood on 5th and north Orissa and neighbourhood on 6th. It became less marked on 7th.

Outlook For The Week Ending On February 14th 2007

- A fresh western disturbance is likely to cause scattered precipitation over northwest and east India for 2-3 days commencing from 9th.
- Rise in night temperature over plains of northwest India during 9-12th and fall thereafter.
- Dense fog conditions are likely over plains of northwest India towards end of the week.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (10.02.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX February Contract

Candlestick: Formation of Candlestick pattern exhibits bullish sentiment.

Stochastic: The stochastic is in negative region and moving downwards.

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 bullish sentiment.

Stochastic: The stochastic is in negative region and moving downwards.

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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