

GUAR SEED and GUAR GUM

26 February-06 March, 2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Range Bound With Slightly Firm Sentiment**
- **Spot Market Observed Lacklustre Trade**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Lacklustre trading activity was observed in guar spot market during the week under review. The prices of both guar seed and guar gum ruled firm in the beginning of the week, but declined thereafter on weak demand from millers and exporters coupled with rains and cloudy weather, which disrupted the trading activity as well as arrivals. Arrivals at the major markets reportedly stood steady at 10000-11000 bags a day, while it declined to 9000 bags on February 28 due to rains and cloudy conditions. According to APEDA, India's guar gum exports in April-Oct 2006 rose 12.6 per cent to 1,09,481 tonnes compared to last years 97,211 tonnes. In value terms, total guar gum exports were valued at \$144.71 million, up 19.37 per cent from last year. However, there has been consecutive monthly fall in exports due to higher prices of guar seed and guar gum during April-Oct and most of the overseas demand was diverted to Pakistan due to lower prices offered by them following bumper production there at 15 lakh bags, which helped them to keep the prices on lower side. India's export target for 2006-07 (March-April), in value terms was also lowered to \$281.59 million from \$283 million earlier. Market sources reported that the overseas demand for guar gum is improving gradually. Prices are expected to remain steady to slightly firm in coming days due to improving overseas as well as domestic demand. At the Bikaner market guar seed was quoted in the range of Rs.1735-1770 per quintal, while in Jodhpur, it was offered at Rs. 1865 - 1900 per quintal. At Jodhpur, market prices of guar gum stood in the range of Rs.4550 - 4600 per quintal during this week.

Guar Futures Market

Guar futures traded range bound with weak undertone in both the exchanges during the week. In the MCX the most active April guar seed contract traded around Rs.1866/qrtl as against last week's closing of Rs.1904/qrtl. and hovered in the range of Rs.1865-1930 during the week with more or less steady open interest and lower volumes. The stock Position of guar seed at MCX accredited warehouses increased to 8699.857MT as on 28.02.07 as against 8655.772 MT during last week. In the NCDEX, most active April guar seed contract traded around Rs.1878/qrtl. as against last week's closing of Rs.1917/qrtl with decreasing volumes and lower open interest as compared to last week and hovered in the range of Rs.1875-1943 per qrtl during the week. The stock Position of guar seed at NCDEX

accredited Warehouses is reported to higher about 24304 MT as on 28-Feb-07 as against last weeks' stocks of 24143 MT.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		05.03.07	24.02.07	
Guar Seed	Bikaner	1740	1775	-35
	Jodhpur	1880	1910	-30
	Nokha	1735	1715	+20
	Sriganganagar	NA	NA	-
Guar Gum	Jodhpur	4550	4645	-95

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
24.02.07	1783.95	1790.15	4604.35
26.02.07	1781.75	1782.70	4598.05
27.02.07	1771.00	1788.00	4590.00
28.03.07	1761.15	1776.15	4562.50
01.03.07	1764.30	1784.50	4562.50
02.03.07	1741.65	1764.70	4527.40
03.03.07	1744.15	1772.30	4535.25
Change	-39.75	-17.85	-69.10

Guar Seed Futures Prices at NCDEX

Dates	Mar. Contract		April. Contract		May. Contract	
	Open	Close	Open	Close	Open	Close
24.02.07	1875	1885	1920	1928	1957	1966
26.02.07	1882	1889	1925	1933	1964	1971
27.02.07	1888	1863	1931	1901	1966	1940
28.02.07	1852	1861	1896	1901	1931	1940
01.03.07	1864	1844	1900	1880	1938	1919
02.03.07	1844	1843	1876	1879	1916	1919
03.03.07	1841	1851	1878	1891	1917	1930

Guar Gum Futures Prices at NCDEX

Dates	Mar. Contract		April. Contract		May. Contract	
	Open	Close	Open	Close	Open	Close
24.02.07	4580	4585	4650	4681	4725	4755
26.02.07	4571	4595	4667	4685	4775	4774
27.02.07	4584	4528	4675	4627	4777	4716
28.02.07	4490	4541	4595	4612	4675	4686
01.03.07	4550	4507	4610	4589	4700	4671
02.03.07	4485	4498	4581	4584	4651	4660
03.03.07	4520	4533	4590	4617	4695	4698

PRICE DRIVERS:

1. Higher production as compared to previous year
2. Improved demand from Millers and Exporters
3. Exclusion of VAT from Rajasthan
4. Improving overseas demand
5. Stockists gradually releasing their stocks
6. Expectation of higher exports

OUTLOOK:

Short Term (1 Week): Prices are expected to remain steady to slightly firm due to improving overseas as well as domestic demand

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.

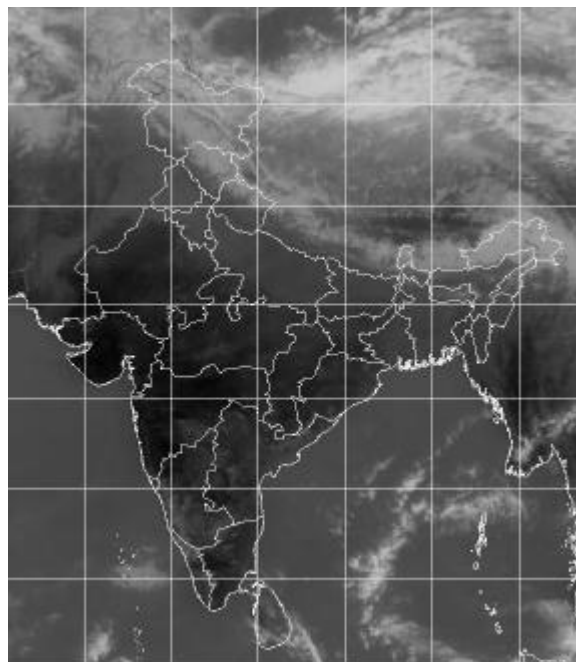
METEOROLOGICAL ANALYSIS (05.03.07)

- During the week, two western disturbances affected the Indian region from 23rd to 25th and from 27th onwards. Under the influence of 2nd western disturbance, an induced low pressure area formed over central Pakistan and adjoining West Rajasthan on 27th and persisted on 28th.
- An upper air cyclonic circulation extending upto 1.5 km a.s.l. developed over East Uttar Pradesh on 28th.
- A north-south trough extending from Sub-Himalayan West Bengal & Sikkim to north Bay of Bengal was observed from 22nd to 23rd and from northeastern States to Head Bay on 25th.
- An easterly wave also affected the extreme south peninsular region during 24th to 26th.

Outlook For The Week Ending On March 7th 2007

- Fairly widespread precipitation over Western Himalayan region, Indo-Gangetic plains and adjoining central India during 1st two days of the week and over northeastern States and adjoining east India during 1st three days of the week.
- Light rain/thundershowers also likely over extreme south peninsula during 1st two days of the week.
- Fall in night temperature and rise in day temperature by 4-6 °C over plains of northwest India during the week.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (05.03.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)
NCDEX March Contract

Candlestick: Formation of Candlestick pattern exhibits bullish sentiment.

Stochastic: The stochastic is in neutral 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, 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 neutral 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 exporters and steady arrivals in the coming week. However, profit taking interest would pressurize the tone at higher levels.



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