

GUAR SEED and GUAR GUM

2-7 April, 2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Firm with Bullish Tone**
- **Spot Market Observed Firm Trade**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar spot market witnessed on an average firm sentiment during the week under review. The prices of both guar seed and guar gum declined during the beginning of the week on lack of buying support, while recovered thereafter on increased demand from millers and exporters across the major trading centers against the declining arrivals. The fresh arrivals are declining steadily and it is reported at 4000-5000 bags during the week, which boosted the prices in the spot market. With the declining fresh arrivals stockists remained active in the market and they were seen releasing their stock at higher price level. On other hand overseas demand increasing day-by-day and traded sources reported that China and US has placed some new orders for guar gum. Consequently exporters and millers remained active in the market. Thus, prices are expected to remain in the stronger side in coming days due to increasing overseas and domestic demand against the higher quotes of guar seed by stockists. At the Bikaner market guar seed was quoted in the range of Rs.1860-1900 per quintal, while in Jodhpur, it was offered at Rs. 1975 - 2050 per quintal. At Jodhpur, market prices of guar gum stood in the range of Rs.4875 - 5025 per quintal during this week.

Guar Futures Market

Guar seed futures at MCX recouped all the initial losses towards the end of the week. The most active May contract of Guar seed started the week on a weaker note extending the previous week's losses and dipped to the lows of Rs 1993 per quintal on Tuesday. The contract then bounced smartly towards the end of the week to see the highs of Rs 2080 per quintal on Friday. The volumes increased marginally, whereas open interest declined slightly during the period. In the NCDEX the most active May contract tested a low of Rs 2026 per quintal and traded upward thereafter on increased buying interest testing a high of Rs 2116 per quintal. Both the volume and open interest increased during the period. Stock position of guar seed at MCX and NCDEX warehouse stood at 8641.092 MT and 27398 MT as on 04-April-2007.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		07.04.07	31.03.07	
Guar Seed	Bikaner	1890	-	-
	Jodhpur	2015	-	-
	Nokha	1860	-	-
	Sriganganagar			
Guar Gum	Jodhpur	4975	-	-

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
31.03.07	1900.00	1890.25	4918.00
02.04.07	1898.55	1885.55	4929.00
03.04.07	1881.00	1873.25	4929.00
04.04.07	1881.00	1888.50	4907.40
05.04.07	1925.75	1919.85	5010.90
06.04.07	1933.35	1924.60	5037.50
07.04.07	1892.00	1907.30	4964.70
Change	-8.00	+17.05	+46.00

Guar Seed Futures Prices at NCDEX

Dates	April. Contract		May. Contract		June-Contract	
	Open	Close	Open	Close	Open	Close
31.03.07	2022	2007	2080	2066	2130	2117
02.04.07	2006	1983	2066	2039	2120	2088
03.04.07	1985	1979	2033	2037	2090	2086
04.04.07	1985	2000	2040	2061	2090	2112
05.04.07	2002	2029	2064	2094	2115	2147
06.04.07	2025	2025	2093	2087	2150	2138

Guar Gum Futures Prices at NCDEX

Dates	April. Contract		May. Contract		June-Contract	
	Open	Close	Open	Close	Open	Close
31.03.07	4975	4942	5100	5051	5205	5155
02.04.07	4949	4895	5068	4996	5165	5090
03.04.07	4889	4870	5008	4983	5090	5087
04.04.07	4850	4929	4980	5047	5075	5150
05.04.07	4940	4999	5050	5120	5160	5220
06.04.07	5028	4984	5121	5098	5234	5201

PRICE DRIVERS:

1. Higher production as compared to previous year
2. Good demand from Millers and Exporters
3. Increasing overseas demand
4. Lower stock position with Pakistan
5. Higher prices of guar seed in Pakistan
6. Declining arrivals in the market
7. Stockists releasing their stocks at higher prices
8. Expectation of higher exports in long term

OUTLOOK:

Short Term (1 Week): Prices are expected to remain firm on increasing overseas and domestic demand coupled with declining arrivals

Medium Term (1 Month): Firm on anticipation of rising exports demand coupled with higher quotes of guar seed by stockists

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

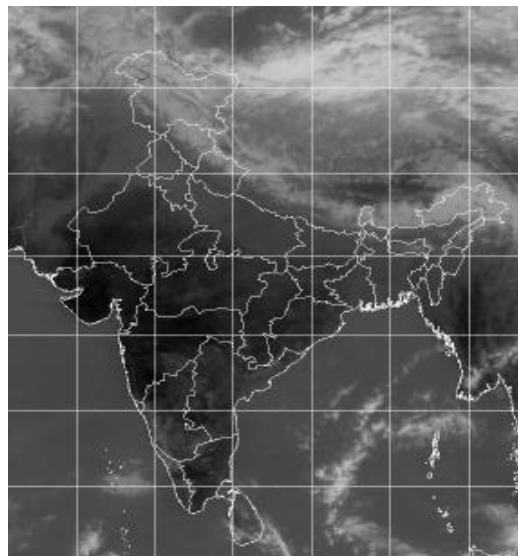
METEOROLOGICAL ANALYSIS (07.04.07)

- A western disturbance as an upper air system lay over north Pakistan and neighbourhood on 31st March. It lay over Jammu & Kashmir and adjoining north Pakistan on 1st April and moved away eastward on 2nd.
- Another feeble western disturbance as an upper air system lay over north Pakistan and adjoining Jammu & Kashmir on 4th.
- Strong northwesterly winds at lower tropospheric levels prevailed over northwest India and adjoining east India during 2nd to 4th April
- An upper air trough ran from Sub-Himalayan West Bengal & Sikkim to north Chhattisgarh extending upto 1.5 km a.s.l. on 31st March. It ran from Sub-Himalayan West Bengal & Sikkim to north Orissa on 1st April and from Sub-Himalayan West Bengal & Sikkim to north Bay of Bengal during 2nd to 4th April.
- A trough in the easterlies at lower tropospheric levels ran across south Peninsula during 31st March to 4th April.

Outlook For The Week Ending On April 11th 2007

- Isolated to scattered rainfall activity over northeastern States during first half of the week and increase thereafter.
- Increase in rainfall activity over south peninsula during first half of the week.
- Gradual rise in day temperatures over northwest and east India.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (07.04.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)
NCDEX May Contract

Candlestick: Formation of Candlestick pattern exhibits bearish 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 range bound with firm undertone on improve demand from millers. However, profit-taking interest would pressurize the tone at higher levels.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)
NCDEX May Contract

Candlestick: Formation of Candlestick pattern exhibits bearish sentiment.

Stochastic: The stochastic is in neutral region and rising

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 in the coming week. However, profit-taking interest would pressurize the tone at higher levels.



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