

GUAR SEED & GUAR GUM

14-19 May, 2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Weak With Bearish Undertone**
- **Spot Market Witnessed Weak Sentiment**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

The spot market prices of both guar seed and guar gum stood steady during the beginning of the week on May 14. Prices declined thereafter on lack of buying support from millers coupled with unfeasible guar gum exports. Fears of early and normal monsoon coupled with recent rainfall over North Western India particularly over Haryana where guar is largely grown after Rajasthan further added bearishness, as these rains are seen improving crop prospects. On other hand, appreciation in rupee against dollar also contributed to bearish market sentiments. Guar gum mostly depends on exports and appreciating rupee is hurting the export realization. Hence, exporters are hesitating to accept any fresh export order. Consequently, miller's activity mostly remained dull in the market. Meanwhile, IMD predicted a fresh western disturbance over NW India from 19th onwards. Considering the above factors, prices are likely to remain on the lower side in short to medium term. However, some improvement is expected in prices if export activity revives. In Jodhpur guar seed prices stood in the range of Rs 1820-1860/ql and in Bikaner it was offered at Rs 1730-1750/ql. Guar gum prices in Jodhpur markets stood at Rs 4450-4550/ql. Total arrivals stood at 4000-4500 bags during the period.

Guar Futures Market

Guar seed futures at MCX and NCDEX witnessed weak sentiments with bearish undertone. In MCX the most active June contract tested a high of Rs 1796/ql and tumbled thereafter on increased selling pressure testing a low of Rs 1714/ql. In MCX the most active June contract tested a high of Rs 1815/ql and tumbled thereafter on increased selling pressure testing a low of Rs 1734/ql. Volume and open interest declined at both the exchanges during the period. Stock position of guar seed at MCX and NCDEX warehouse stood at 5679.867 MT and 34407 MT as on 17-May-2007.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/ql)

Particular	Centre	Date		Change
		19.05.07	12.05.07	
Guar Seed	Bikaner	1750	1750	-
	Jodhpur	1840	1870	-30
	Nokha	1650	1660-70	-20
	Sriganganagar			
Guar Gum	Jodhpur	4475	4550	-75

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/ql)

Dates	Bikaner	Jodhpur	Guar Gum
12.05.07	1761.25	1773.00	4587.50
14.05.07	1744.10	1762.90	4526.85
15.05.07	1745.90	1761.00	4533.75
16.05.07	1750.00	1768.45	4540.30
17.05.07	1722.90	1735.80	4458.60
18.05.07	1735.00	1747.00	4468.75
19.05.07	1730.50	1742.75	4466.25
Change	-30.75	-30.25	-121.25

Guar Seed Futures Prices at NCDEX

Dates	June-Contract		July-Contract		Aug-Contract	
	Open	Close	Open	Close	Open	Close
12.05.07	1832	1805	1862	1837	1899	1869
14.05.07	1797	1791	1832	1830	1863	1863
15.05.07	1788	1789	1827	1828	1854	1866
16.05.07	1793	1761	1830	1798	1864	1835
17.05.07	1756	1750	1797	1789	1830	1827
18.05.07	1750	1763	1790	1800	1832	1838
19.05.07	1769	1751	1805	1783	1843	1820

Guar Gum Futures Prices at NCDEX

Dates	June-Contract		July-Contract		Aug-Contract	
	Open	Close	Open	Close	Open	Close
12.05.07	4560	4524	4659	4623	4725	4720
14.05.07	4500	4485	4598	4568	4671	4660
15.05.07	4470	4476	4550	4558	4670	4680
16.05.07	4480	4434	4579	4516	4690	4646
17.05.07	4423	4394	4510	4477	4600	4576
18.05.07	4400	4420	4480	4509	4550	4592
19.05.07	4440	4388	4519	4476	4598	4550

PRICE DRIVERS:

1. Ample stocks due to higher production this year
2. Appreciating rupee against dollar
3. Weak demand from millers and exporters
4. Expectation of early and normal monsoon
5. Recent rainfall over NW India favours guar cultivation

OUTLOOK:

Short Term (1 Week): Range bound with bearish tone on weak demand and recent rains over NW India.

Medium Term (1 Month): Volatile with slightly bearish bias due to expectation of early and normal monsoon.

Long Term (3 Months): Steady to slightly weak due to expectation bumper production again.

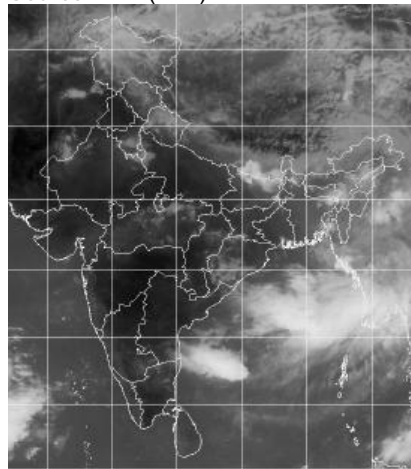
METEOROLOGICAL ANALYSIS (21.05.07)

1. A low pressure area formed over eastcentral Bay of Bengal and neighbourhood on 11th morning. It persisted over the same area on 12th. It concentrated into a depression and lay at 0300 UTC of 13th over eastcentral Bay near lat. 15.0° N /Long. 90.5° E about 400 km northwest of Port Blair. Moving in a north-northeasterly direction. It intensified in a deep depression at 2100 UTC of same day. It intensified into a cyclonic storm and lay centred at 0300 UTC of 14th near Lat. 16.5° N /Long. 91.0° E about 750 kms southeast of Kolkata. Continuing north-northeastward movement, it crossed south Bangladesh coast close to south of Cox's Bazar in the early morning of 15th and weakened gradually. It lay as a well marked low pressure area over south Assam and adjoining areas of Manipur, Mizoram, Bangladesh and Myanmar in the same evening and became less marked on 16th.
2. Last week's cyclonic circulation over West Uttar Pradesh and neighbourhood at lower levels lay over central Uttar Pradesh and neighbourhood on 10th & 11th and became less marked on 12th.
3. A cyclonic circulation at lower levels lay over East Rajasthan & adjoining Madhya Pradesh on 11th and became less marked on 12th. However, an eastwest trough at 0.9 km a.s.l. extended from West Rajasthan to East Madhya Pradesh on 12th & 13th and from northwest Rajasthan to Chhattisgarh on 14th, 15th & 16th.
4. Mainly northwesterly winds prevailed at lower levels over central and Peninsular India during many days of the week.

Outlook for The Week Ending On May 23rd 2007

1. Conditions are favourable for further advance of monsoon to some more parts of south Bay and east central Bay of Bengal.
2. Scattered rain/thundershower activity likely over east and northeast India.
3. Heat wave conditions likely to abate from Coastal Andhra Pradesh and Tamil Nadu.
4. Rise in day temperature over northwest India and adjoining west & central India during second half of the week.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (21.05.07)

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 oversold region and moving downwards.

MACD: MACD is in negative region and moving sideways.

Market Outlook:

The guar seeds futures are likely to remain range bound with weak bias on strengthening rupee against dollar. However, slight improvement is expected on profit booking at lower level.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX May Contract

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Market Outlook:

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