

## GUAR SEED & GUAR GUM

30 April-05 May, 2007

### MAJOR ACTIVITY HIGHLIGHTS

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

### MARKET COMMENTARY OF MAJOR MARKETS

#### Guar Physical Market

Lacklustre trading activity witnessed in the guar spot market. The prices remained unchanged initially starting April 30 on subdued trading activity and declined sharply thereafter on the back of recent rainfall in North Western part of India, particularly over the Haryana and Punjab where guar is largely grown after Rajasthan. Low pressure over the region for quite some time resulted into anticyclonic condition resulting in some rainfall. Pre-monsoon rainfall leads to early sowing of guar in Haryana which otherwise depends on light irrigation for sowing thus saving the irrigation. With more low pressure troughs expected over the region such intermittent showers are expected causing life saving irrigation to the crop when it is utmost desired, helping to achieve good yields and higher productivity. Thanks to the recent light showers that induced bearish market sentiments in both spot and futures on anticipation of higher yields. On other hand, recent rainfall is also favorable for the cultivation for cotton crop. It is a highly remunerative crop, so possibilities are also there for the farmers to shift to the cultivation of cotton crop, which may adversely affect the acreage of guar. Thus, some bullishness in medium to long term in guar prices is also seen depending on acreage of guar. Further, recent weakness in dollar also affecting export activity in the market. Consequently millers activity remained subdued or absent in the market. However, some report of desperate selling by stockists reportedly in the market to offload their existing stock with a view to accumulate fresh stocks in coming season at lower prices. Thus, while no major uptrend is expected in near term downside cannot be ruled out. In Jodhpur guar seed prices stood in the range of Rs 1880-1930/mtl and in Bikaner it was offered at Rs 1730-1770/mtl. Guar gum prices in Jodhpur markets stood at Rs 4625-4700/mtl.

#### Guar Futures Market

MCX and NCDEX Guar futures witnessed weak sentiment with bearish undertone. MCX Guar seed June contract tested a high of Rs 1934/mtl initially starting April 30 and tumbled thereafter on increased selling pressure and made the contract low at Rs 1818/mtl. The volumes declined significantly, whereas open interest increased significantly during the period. On the NCDEX, the June contract tested a high of Rs 1941/mtl and tumbled thereafter on increased selling pressure and made the contract low at Rs 1818/mtl. The volume declined significantly, whereas open interest increased significantly during the period. Stock position of

guar seed at MCX and NCDEX warehouse stood at 8660.982 MT and 32,549 MT, as on 03-May-2007.

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

(Prices in Rs/mtl)

| Particular | Centre        | Date     |          | Change |
|------------|---------------|----------|----------|--------|
|            |               | 05.05.07 | 28.04.07 |        |
| Guar Seed  | Bikaner       | 1750     | 1760     | -10    |
|            | Jodhpur       | 1900     | 1860     | +40    |
|            | Nokha         | 1660     | 1750     | -90    |
|            | Sriganganagar |          |          |        |
| Guar Gum   | Jodhpur       | 4700     | 4625     | +75    |

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

(Prices in Rs/mtl)

| Dates         | Bikaner       | Jodhpur      | Guar Gum      |
|---------------|---------------|--------------|---------------|
| 28.04.07      | 1785.85       | 1807.95      | 4665.80       |
| 30.04.07      | 1812.90       | 1821.80      | 4728.75       |
| 01.05.07      | 1812.10       | 1814.05      | 4713.65       |
| 02.05.07      | 1765.00       | 1788.00      | 4623.15       |
| 03.05.07      | 1764.15       | 1785.25      | 4617.60       |
| 04.05.07      | 1759.55       | 1783.20      | 4605.20       |
| 05.05.07      | 1769.15       | 1799.65      | 4634.60       |
| <b>Change</b> | <b>-16.70</b> | <b>-8.30</b> | <b>-31.20</b> |

## Guar Seed Futures Prices at NCDEX

| Dates    | May-Contract |       | June-Contract |       | July-Contract |       |
|----------|--------------|-------|---------------|-------|---------------|-------|
|          | Open         | Close | Open          | Close | Open          | Close |
| 28.04.07 | 1847         | 1867  | 1895          | 1918  | 1941          | 1963  |
| 30.04.07 | 1867         | 1872  | 1922          | 1925  | 1961          | 1970  |
| 01.05.07 | 1870         | 1859  | 1925          | 1906  | 1971          | 1953  |
| 02.05.07 | 1850         | 1792  | 1899          | 1836  | 1950          | 1880  |
| 03.05.07 | 1798         | 1785  | 1837          | 1827  | 1875          | 1867  |
| 04.05.07 | 1785         | 1804  | 1822          | 1853  | 1870          | 1893  |
| 05.05.07 | 1810         | 1796  | 1857          | 1843  | 1899          | 1882  |

## Guar Gum Futures Prices at NCDEX

| Dates    | May-Contract |       | June-Contract |       | July-Contract |       |
|----------|--------------|-------|---------------|-------|---------------|-------|
|          | Open         | Close | Open          | Close | Open          | Close |
| 28.04.07 | 4510         | 4583  | 4605          | 4687  | 4716          | 4784  |
| 30.04.07 | 4620         | 4607  | 4699          | 4712  | 4751          | 4805  |
| 01.05.07 | 4605         | 4589  | 4715          | 4680  | 4815          | 4797  |
| 02.05.07 | 4521         | 4457  | 4662          | 4534  | 4753          | 4632  |
| 03.05.07 | 4450         | 4440  | 4565          | 4520  | 4700          | 4620  |
| 04.05.07 | 4425         | 4466  | 4515          | 4589  | 4631          | 4686  |
| 05.05.07 | 4508         | 4508  | 4598          | 4590  | 4699          | 4688  |

## PRICE DRIVERS:

1. Ample stocks due to higher production this year
2. Weakness in dollar hurting export activity
3. Weak demand from Millers and Exporters
4. Conflicting monsoon forecast
5. Low stock coupled with higher prices in Pakistan
6. Recent rainfall over North Western Part favours for early sowing and higher yields

## OUTLOOK:

**Short Term (1 Week):** Prices are expected to remain steady to slightly weak on weak demand from millers coupled with strengthening rupee hurting exports activity.

**Medium Term (1 Month):** Steady to slightly firm if export activity improve also likely to improve as prices are now at lower level.

**Long Term (3 Months):** Steady at lower side on expectation of bumper production due to prediction of normal monsoon coupled with recent rainfall.

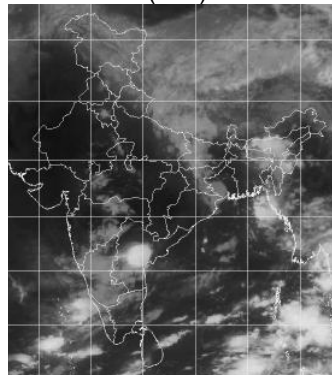
## METEOROLOGICAL ANALYSIS (05.05.07)

- Last week's cyclonic circulation over Central Pakistan and adjoining Rajasthan lay over Haryana and adjoining West Uttar Pradesh on 26th, over East Uttar Pradesh and neighbourhood on 27th and became less marked on 28th.
- A feeble western disturbance as an upper air cyclonic circulation lay over Jammu & Kashmir and neighbourhood on 26th and moved away eastwards on 27th. Another feeble western disturbance as an upper air cyclonic circulation moved over western Himalayan region during 30th April to 2nd May.
- A trough in lower level extended from East Uttar Pradesh to Assam with embedded cyclonic circulation over Assam and neighbourhood during 26-28th. Also a trough in westerlies at 700 hPa ran from Sub-Himalayan West Bengal & Sikkim to north Bay/north Orissa during this period.
- A north-south oriented trough in lower levels at times embedded with cyclonic circulation lay over south peninsula throughout the week.
- An upper air cyclonic circulation extending upto mid-tropospheric level lay over Gulf of Thailand on 28th and over Gulf of Thailand & adjoining south Andaman Sea on 29th. It lay over south Andaman Sea and neighbourhood on 30th. Under its influence, an extended low pressure area formed over south Andaman Sea and neighbourhood on 1st May. It was seen as a low pressure area over the same region on 2nd May with associated cyclonic circulation extending upto mid tropospheric level.

## Outlook For The Week Ending On May 9<sup>th</sup> 2007

- Under the influence of the well marked low pressure area over north Andaman Sea and neighbourhood, which is likely to concentrate into a depression, widespread rainfall with isolated heavy to very heavy falls are likely over Andaman & Nicobar Islands during first half of the week and decrease thereafter. Squally winds with speed reaching 40-50 kmph are also likely over Andaman & Nicobar Islands during next 48 hours.
- Scattered rain/thundershower activity is likely over West Bengal & Sikkim, northeast India and south Peninsula during the week.
- Gradual rise in day temperature over northwest, central and east India.

Source: GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (28.04.07)

## 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 oversold region and moving downwards.

**MACD:** MACD is in negative region and moving slightly upwards.

### 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

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The guar gum 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.



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