

GUAR SEED & GUAR GUM

11-16 May, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar spot market witnessed weak sentiment. The prices of both guar seed and guar gum remained unmoved initially starting June 11th on subdued trading activity, while declined thereafter on the back of reports of good monsoon progress by IMD coupled with slight drizzles over NW part of India particularly over Haryana; where guar is largely grown after Rajasthan. As per the IMD, the monsoon rains that have been running behind schedule are now on course for revival and the flow of winds that carry monsoon rains further picking up. Sources reported that the traders are offloading their inventories due to the fears of normal to better monsoon, which heavily weighing on prices. Guar is sensitive to monsoon and price movement in both spot and futures depends on the progress of monsoon. So, it is advisable to keep a close look over the monsoon progress till it reaches Rajasthan. Further, reports of good demand from millers and exporters are reported at lower price levels during the period. On other hand arrivals at the majority of markets improved marginally and stood at around 4500-5500 bags (1 bag = 100Kg or 1 quintal) during the period. In Jodhpur guar seed prices stood in the range of Rs 1800-1875/mtl and in Bikaner it was offered at Rs 1690-1740/mtl. Guar gum prices in Jodhpur markets stood at Rs 4400-4560/mtl.

Guar Futures Market

On the MCX and NCDEX, guar futures witnessed weak sentiment with bearish undertone during the period. Guar seed July contract in MCX and NCDEX traded in the range of Rs 1673-1794/mtl and Rs 1695-1818/mtl with increasing volume and declining open interest. Guar seed stocks in MCX and NCDEX warehouses stood at 5,328.732 MT and 30,901 MT as on 14th June 2007.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Particular	Centre	Date		Change
		16.06.07	09.06.07	
Guar Seed	Bikaner	1690	1740	-50
	Jodhpur	1800	1860-65	-65
	Nokha	1630	1675	-45
Guar Gum	Jodhpur	4375	4550	-175

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
09.06.07	1750.90	1767.10	4550.00
11.06.07	1760.00	1771.05	4567.95
12.06.07	1745.65	1762.65	4530.70
13.06.07	1741.25	1759.90	4530.20
14.06.07	1708.20	1732.85	4445.30
15.06.07	1678.75	1700.75	4362.50
16.06.07	1677.90	1701.25	4362.50
Change	-73.9	-65.85	-187.5

Guar Seed Futures Prices at NCDEX

Dates	June-Contract		July-Contract		Aug-Contract	
	Open	Close	Open	Close	Open	Close
09.06.07	1766	1770	1799	1804	1830	1835
11.06.07	1779	1768	1807	1798	1838	1831
12.06.07	1767	1757	1795	1784	1826	1813
13.06.07	1758	1708	1785	1731	1816	1760
14.06.07	1715	1713	1735	1739	1759	1769
15.06.07	1711	1687	1735	1711	1766	1740
16.06.07	1672	1684	1702	1708	1734	1737

Guar Gum Futures Prices at NCDEX

Dates	June-Contract		July-Contract		Aug-Contract	
	Open	Close	Open	Close	Open	Close
09.06.07	4450	4468	4537	4552	4655	4625
11.06.07	4486	4481	4570	4551	4637	4639
12.06.07	4470	4432	4531	4514	4610	4595
13.06.07	4431	4310	4520	4381	4621	4454
14.06.07	4370	4348	4390	4416	4465	4486
15.06.07	4319	4296	4356	4367	4460	4435
16.06.07	4270	4293	4260	4364	4400	4421

PRICE DRIVERS:

- Marginal improvement in dollar
- Good demand from millers and exporters
- Demand for bye product of guar (Churi & Korma)
- Good overseas demand from China & U.S
- Reports of good monsoon progress, expectation of normal to better monsoon and bumper production again
- Recent rainfall over NW part of India
- Stockists selling in the market

OUTLOOK:

Short Term (1 Week): Slightly weak with bearish undertone on reports of good monsoon progress.

Medium Term (1 Month): Volatile on speculation over normal to better monsoon and production estimates.

Long Term (3 Months): Range bound with weak bias due to expectation bumper production again.

MONSOON WATCH

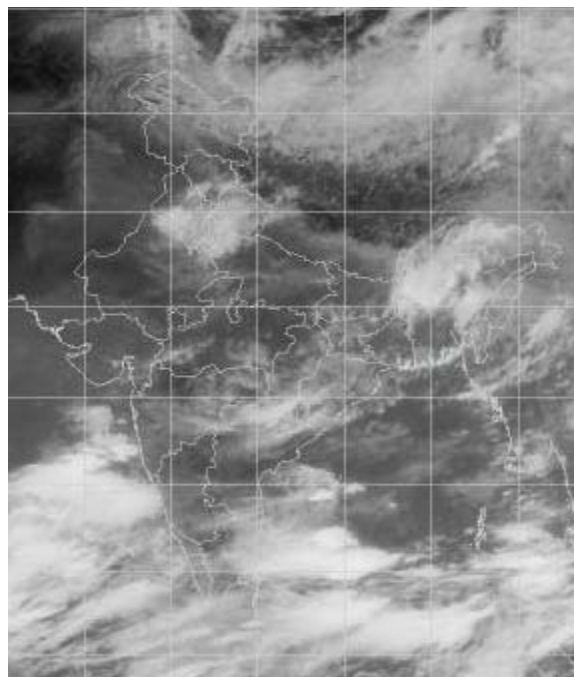
- Southwest monsoon has further advanced into remaining parts of Bay of Bengal, some more parts of Arabian Sea, entire northeastern states, most parts of West Bengal & Sikkim, some parts of Bihar, Jharkhand, some more parts Peninsular India during the week.
- Northern limit of monsoon passes through lat. 16.0 °N/ long. 60.0 E°, lat. 16.0 °N/ long. 70.0 E°, Vengurla, Gulbarga, Nizamabad, Vishakhapatnam, lat. 20.0 °N/ long. 87.0 E°, Digha, Bankura, Bhagalpur and Raxaul on 13th June.

METEOROLOGICAL ANALYSIS (13.06.07)

- An off-shore trough extended from Karnataka coast to Kerala coast during many days of the week. An upper air cyclonic circulation lay over Jharkhand at lower level on 8th & 9th and became less marked on 10th.
- An upper air cyclonic circulation lay over West Uttar Pradesh with a trough extending upto Orissa at 0.9 km a.s.l. during 7 to 9th.
- An upper air trough extended from Haryana to Gangetic West Bengal during 10 to 12th.
- An upper air cyclonic circulation lay over Assam & Meghalaya during 7-9th and became less marked afterwards.
- An upper air cyclonic circulation lay over west central Bay of Bengal off Andhra Pradesh coast on 7th and became less marked on 8th.
- An upper air trough extended from Orissa to south Tamil Nadu through Andhra Pradesh between 1.5 & 2.1 km a.s.l. on 8th & 9th and moved westward and extended from Orissa to south Bay of Bengal between 1.5 to 3.1 km a.s.l. on 10th and became less marked on 11th.

Outlook for the Week Ending On June 20th 2007

- Southwest monsoon is likely to advance further into some more parts of Maharashtra, east India and some parts of Chhattisgarh, Uttarakhand and Himachal Pradesh.
- Fairly widespread rainfall is likely over west coast, Indo-Gangetic plains, northeastern states and Western Himalayan region.
- Numerical Weather Prediction model suggests formation of low pressure area over west-central and adjoining northwest Bay of Bengal towards the end of the week. **Source:** GOI (IMD)



SATELLITE PICTURE OF MONSOON PROGRESS (18.06.07)

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 moving downward in oversold region.

MACD: MACD is in negative region and moving downward.

RSI: RSI is in oversold region and moving downward.

Market Outlook:

The guar seeds futures are likely to remain range bound with weak bias on the back of good demand against favourable monsoon progress coupled with recent rains over NW part of India.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)
NCDEX May Contract

Candlestick: Formation of Candlestick pattern exhibits bearish sentiment with some recovery in weekend on profit taking and short covering.

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

MACD: MACD is in negative region and moving downward.

RSI: RSI is in oversold region and moving downward.

Market Outlook:

The guar gum futures are likely to remain range bound with weak bias on the back of good demand against favourable monsoon progress coupled with recent rains over NW part of India.



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