

GUAR SEED & GUAR GUM

18-23 May, 2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Range Bound With Weak Bias**
- **Spot Market Witnessed Steady Sentiment**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Amidst good physical demand against ample supply situation both the prices of guar seed and guar gum stood steady at most of the major markets of Rajasthan during the period starting June 18th, while prices at Jodhpur market improved marginally by the weekend on the back of talks that the govt. will raise the guar gum export subsidy to 10% from 5% currently, to provide relief from appreciation in rupee. However, reports of favourable monsoon progress by IMD coupled with recent rainfall over the parts of Rajasthan (Sriganganagar, Bikaner, Jodhpur and Nokha) and Haryana, weighing heavily on prices. Traders are watching the further progress of monsoon over the western part of Rajasthan in next 4-5 days, if monsoon progresses well then prices are expected to ease further else some improvement is expected. Further, good demand from exporters and processors during the period supported the market sentiment. In Jodhpur spot market guar seed prices traded in the range of Rs 1790-1810/mtl and in Bikaner it was offered at Rs 1680-1690/mtl. Guar gum prices in Jodhpur markets stood at Rs 4375-4400/mtl. Total arrivals at the majority of markets reportedly stood at around 4500-5000 bags on daily basis. Meanwhile, guar gum exports during the Apr-Jan period achieved about 73.62% of the target of \$281.6 mln (Rs 12.4 bln) set for the financial year ended March. However, the country failed to achieve the target due to higher domestic prices coupled with shifting of overseas demand to Pakistan, which offered it in the lower prices. As per the data available with APEDA, India's guar gum exports rises marginally by 2.2% to 1,50,341 tonnes in Apr-Jan and are valued at \$200.92 mln (Rs 9.1 bln), up 7.5% from the last years. In January, exports were estimated at 15,163 tonnes a rise of 23% from December level. In Last FY Country exported 1, 86, 530 tonnes of guar gum.

Guar Futures Market

On the MCX and NCDEX, guar futures witnessed narrow range bound trade during the period with some selling pressure by the weekend. Guar seed July contract in MCX and NCDEX traded in the range of Rs 1654-1687/mtl and Rs 1678-1724/mtl with both volume and open interest declining. Guar seed stocks in MCX and NCDEX warehouses stood at 5,232.767 MT and 20,793 MT as on 21st June 2007.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Particular	Centre	Date		Change
		23.06.07	16.06.07	
Guar Seed	Bikaner	1680	1690	-10
	Jodhpur	1800	1800	-
	Nokha	1620	1630	-10
Guar Gum	Jodhpur	4400	4375	+25

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
16.06.07	1677.90	1701.25	4362.50
18.06.07	1684.40	1695.70	4387.50
19.06.07	1676.65	1695.70	4378.65
20.06.07	1671.90	1693.20	4362.65
21.06.07	1685.75	1700.75	4393.75
22.06.07	1675.00	1704.30	4372.95
23.06.07	1661.65	1691.15	4354.85
Change	-16.25	-10.10	-7.65

Guar Seed Futures Prices at NCDEX

Dates	June-Contract		July-Contract		Aug-Contract	
	Open	Close	Open	Close	Open	Close
16.06.07	1672	1684	1702	1708	1734	1737
18.06.07	1672	1682	1699	1707	1731	1736
19.06.07	1680	1676	1699	1700	1731	1730
20.06.07	1669	1668	1696	1700	1724	1730
21.06.07	-	-	1706	1711	1735	1740
22.06.07	-	-	1712	1689	1745	1713
23.06.07	-	-	1695	1688	1712	1711

Guar Gum Futures Prices at NCDEX

Dates	June-Contract		July-Contract		Aug-Contract	
	Open	Close	Open	Close	Open	Close
16.06.07	4270	4293	4260	4364	4400	4421
18.06.07	4299	4285	4335	4355	4412	4417
19.06.07	4275	4262	4345	4346	4402	4419
20.06.07	4231	4236	4330	4332	4420	4419
21.06.07	-	-	4339	4348	4435	4433
22.06.07	-	-	4342	4274	4450	4357
23.06.07	-	-	4255	4266	4412	4342

PRICE DRIVERS:

- Appreciation in rupee
- Talks of expected Govt. announcement of a hike in guar gum export subsidy to 10%
- Good demand from millers and exporters
- Demand for bye product of guar (Churi & Korma)
- Good overseas demand from China & U.S
- Favourable monsoon progress, expectation of bumper production again
- Recent rainfall over parts of Rajasthan and Haryana

OUTLOOK:

Short Term (1 Week): Range bound with firm bias on good physical demand coupled with talks of hike in export subsidy.

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

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

MONSOON WATCH

- Southwest monsoon further advanced into some more parts of Telangana, remaining parts of coastal Andhra Pradesh, northwest Bay of Bengal & Gangetic West Bengal, some parts of Chhattisgarh, Orissa, Jharkhand and East Uttar Pradesh and some more parts of Bihar on 14th June. It advanced into some more parts of Central Arabian sea, Konkan & Goa, some parts of Madhya Maharashtra & Marathawada, some more parts of Telangana, Jharkhand, Bihar & East Uttar Pradesh and some parts of Uttarakhand on 15th June. It advanced into remaining parts of central Arabian sea and Konkan & Goa, some more parts of Madhya Maharashtra and Marathawada, remaining parts of Telangana, some parts of Vidarbha and some more parts of Chhattisgarh, Orissa and Jharkhand on 18th June.
- Northern limit of monsoon passed through lat. 20.0 °N/ long. 60.0 E°, lat. 20.0 °N/ long. 70.0 E°, Dahanu, Parbhani, Brahmapuri, Raipur, Sambalpur, Keonjhar, Ranchi, Varanasi, Sultanpur, Bhaich and Mukteswar (Map Enclosed).

METEOROLOGICAL ANALYSIS (23.06.07)

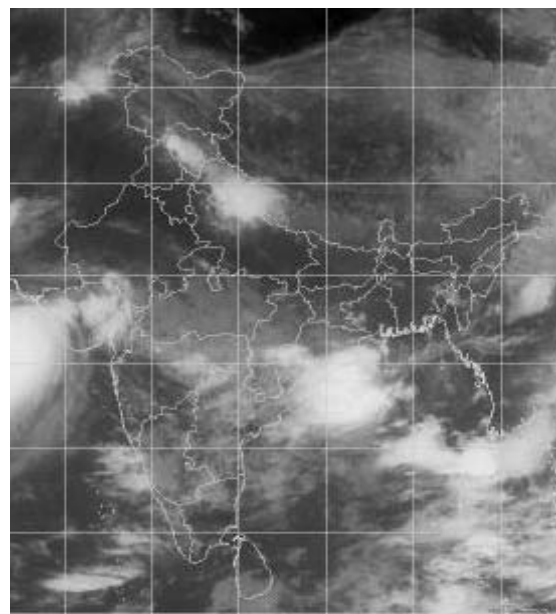
- An off-shore trough extended from Gujarat coast to Kerala coast during 14th to 19th June and from Konkan coast to Kerala coast on 20th June.
- A Low pressure area formed over East central Bay of Bengal on 19th June and became well marked on 20th.
- A cyclonic circulation lay over West Uttar Pradesh & neighbourhood extending upto 3.1 Km a.s.l. on 14th. It persisted over the same area extending upto 0.9 km a.s.l. on 15th & 16th and became less marked on 17th.
- A cyclonic circulation lay over Central Pakistan and neighbourhood at lower tropospheric levels on 14th & 15th. It lay over central Pakistan and adjoining Rajasthan on 16th over Punjab & neighbourhood on 17th & 18th and over Jammu & Kashmir & neighbourhood on 19th. It moved away eastwards thereafter.
- Another Cyclonic circulation at lower levels lay over South Pakistan & neighbourhood on 18th & 19th and over central Pakistan and adjoining Rajasthan on 20th.
- A Cyclonic Circulation lay over Haryana & neighbourhood on 19th & 20th extending upto 0.9 km a.s.l.
- An upper air trough ran from Bihar to North Orissa at lower tropospheric Levels on 18th, it ran from west Assam to North Orissa across Bangladesh, West Bengal & Jharkhand on 19th and became less marked on 20th.

Outlook for the Week Ending On June 27th 2007

- The well marked low pressure area over east-central & adjoining west-central Bay of Bengal is likely to concentrate into a depression and move in a west-northwesterly direction across north Andhra Pradesh, Vidarbha, Madhya Maharashtra and Gujarat. Under its influence, Widespread rains with scattered heavy to very heavy falls are likely over Andhra Pradesh, south Orissa, south Chhattisgarh and Vidarbha during 21 to 23 June.

Subsequently, with the likely west-northwestward movement of the system, the enhanced rainfall belt is likely to shift to rest Maharashtra, Goa, Karnataka, south Madhya Pradesh, Gujarat and southeast Rajasthan during 23 to 26 June. Isolated extremely heavy rains of more than 25 cm are also likely over Coastal Andhra Pradesh, Telangana and Vidarbha during 21 to 23 June and over Coastal Karnataka, rest Maharashtra including Mumbai, Goa and Gujarat during 23 to 26 June.

- In association with the above system, southwest monsoon is likely to advance further into remaining parts of Orissa, Chhattisgarh & Maharashtra, entire Gujarat and parts of Madhya Pradesh and Rajasthan during next 5 days.
- Widespread rainfalls with scattered heavy to very heavy falls are likely to continue along the west coast.
- Decrease in rainfall activity over Orissa, Andhra Pradesh, Tamil Nadu during second half of the week.
- Decrease in rainfall activity over northeastern states.
- Another Low pressure area is likely to form over the North Bay of Bengal around 27th June, 2007.



SATELLITE PICTURE OF MONSOON PROGRESS (25.06.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX May Contract

Candlestick: Formation of Candlestick pattern shows narrow range bound trade during the period with weak bias.

Stochastic: The stochastic is moving downward in oversold region.

MACD: MACD is in negative region and moving slightly upward.

RSI: RSI is in oversold region and moving upward.

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

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