

GUAR SEED & GUAR GUM

02-07 May, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

Guar spot market witnessed firm sentiment during the period starting July 2nd. The prices of both guar seed and guar gum increased steadily during the period at most of the major markets in Rajasthan amidst good physical demand against lower arrivals coupled with lower stock position in exchange warehouses. Rainfall over almost entire Rajasthan region affected the arrivals in the market coupled with lower stock position in exchange warehoused imparted bullishness in the market. Meanwhile, speculation over the crop damage in Sindh (Pakistan) due to heavy rains created concerns that the crop may be damaged or the seed may be washed off, leading to decrease in production in Pakistan the second major guar producer. In effect, demand for Indian origin is likely to get a boost when the new crop arrives. Also the flood like situation due to heavy rains in Gujarat and some parts of Rajasthan also supported the market sentiment. However, it is very early to predict any thing about the crop status. On other hand sowing process is picking up pace in Rajasthan, Haryana, Gujarat and Punjab regions and as per trade estimates; the acreage is likely to be over 2.5 mha. Haryana is expected to produce more during the current crop season due to increase in acreage this year, traders reported. Good demand from exporters and millers also aiding to firmness during the period. Thus, considering the above factors some further improvement is expected in prices. Total arrivals at Rajasthan mandis declined during the period and are reported at around 3500-4000 bags (1 bag = 100 Kg). Further, FAO (Food and Agriculture Organization) has warned that the desert locust swarms could cross the Indian Ocean from Ethiopia and Somalia and reach India/Pakistan in next couple of days. It is likely to enter India from Gujarat and Rajasthan and nearly all Kharif crops, which are sown in these regions, are at risk, as these migratory grasshopper attacks standing crop. The Gujarat and Rajasthan government alerted the farmers to remain vigilant about the likely attack of locust and the govt. assured that it is taking all the necessary steps to face a locust threat. In Jodhpur spot market guar seed prices traded in the range of Rs 1720-1760/qty and in Bikaner it was offered at Rs 1610-1635/qty. Guar gum prices in Jodhpur markets stood at Rs 4250-4310/qty.

Guar Futures Market

On the MCX and NCDEX, guar futures witnessed steadily increased in prices during the period with bullish tone. MCX & NCDEX July contract tested a low of Rs 1581.50/qty and

Rs 1625.00/qty and traded up thereafter on renewed buying interest with some profit booking at higher levels. Guar seed July contract in MCX and NCDEX traded in the range of Rs 1581.50-1649.00/qty and Rs 1625.00-1695.00/qty with both volume and open interest declining. Guar seed stocks in MCX and NCDEX warehouses declined from the previous week's level and stood at 4,480.819 MT and 26432 MT as on 05th July 2007.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qty)

Particular	Centre	Date		Change
		30.06.07	07.07.07	
Guar Seed	Bikaner	1620	1635	+15
	Jodhpur	1740	1770	+30
	Nokha	1590	1600-10	+20
Guar Gum	Jodhpur	4250	4375-4400	+50

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qty)

Dates	Bikaner	Jodhpur	Guar Gum
30.06.07	1624.25	1638.20	4226.40
02.07.07	1644.15	1645.70	4256.25
03.07.07	1618.75	1639.25	4233.60
04.07.07	1648.75	1652.90	4291.15
05.07.07	1637.10	1649.10	4293.75
06.07.07	1648.00	1665.35	4320.35
07.07.07	1654.60	1672.35	4343.75
Change	+30.35	+34.15	+117.35

Guar Seed Futures Prices at NCDEX

Dates	July-Contract		Aug-Contract		Sept-Contract	
	Open	Close	Open	Close	Open	Close
30.06.07	1612	1656	1635	1685	1660	1712
02.07.07	1658	1661	1688	1689	1713	1715
03.07.07	1651	1647	1681	1676	1706	1700
04.07.07	1636	1668	1671	1699	1696	1726
05.07.07	1673	1669	1704	1699	1730	1725
06.07.07	1677	1677	1704	1707	1728	1734
07.07.07	1684	1688	1707	1719	1738	1745

Guar Gum Futures Prices at NCDEX

Dates	July-Contract		Aug-Contract		Sept-Contract	
	Open	Close	Open	Close	Open	Close
30.06.07	4089	4194	4130	4258	4191	4339
02.07.07	4180	4228	4265	4287	4321	4339
03.07.07	4170	4206	4260	4285	4320	4313
04.07.07	4180	4250	4265	4324	4331	4399
05.07.07	4200	4254	4336	4332	4382	4405
06.07.07	4295	4258	4352	4356	4420	4421
07.07.07	4285	4318	4368	4396	4440	4474

PRICE DRIVERS:

- IMD lowered monsoon forecast to 93% LPA from 95% in April
- Floods in Sindh (Pakistan), Gujarat and parts of Rajasthan may damage the crop
- Sowing process picking up its pace in rest parts of Rajasthan, Haryana and Punjab
- Good demand from exporters & millers
- Good overseas demand from China & U.S
- Lower stock position in exchanges
- Acreage is likely to be over 2.5 mha, trade estimates

OUTLOOK:

Short Term (1 Week): Range bound with firm bias on good physical demand and revised lower monsoon forecast.

Medium Term (1 Month): Volatile on speculation over crop damage and acreage estimates.

Long Term (3 Months): Range bound with firm bias on expectation of good demand for indian origin due to expectation of crop damage in Pak.

MONSOON WATCH

- Southwest monsoon further advanced into the remaining parts of Madhya Pradesh & Uttar Pradesh, most parts of East Rajasthan, some parts of West Rajasthan and some more parts of Haryana including Delhi and Punjab on 28th June. It advanced into the remaining parts of East Rajasthan and some more parts of West Rajasthan on 30th June. Southwest monsoon further advanced into the remaining parts of Rajasthan, Haryana & Punjab and thus covered the entire country on 4th July (Map enclosed).

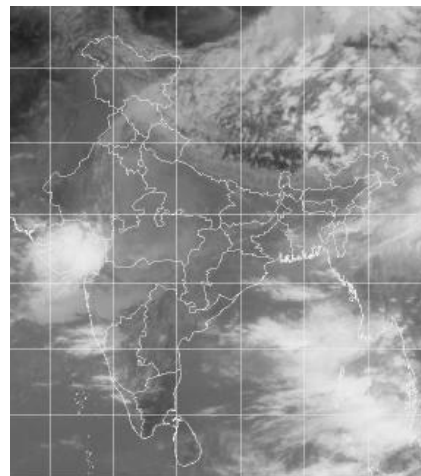
METEOROLOGICAL ANALYSIS (04.07.07)

- Last week's well marked low pressure area over north & adjoining central Bay of Bengal concentrated into a depression in the early morning of 28th June over northwest & adjoining west-central Bay of Bengal near lat. 18.5 °N/ long. 87.0° E about 200 km southeast of Puri. It remained practically stationary, and further intensified into a deep depression at 0830 hrs. IST of same day. It moved northwestwards and crossed Orissa coast near Puri between 0530 & 0630 hrs. IST of 29th June. It lay centred at 0830 hrs. IST of the same day east of Bhubaneswar. The system moved west-northwestwards and weakened into a depression and lay centred at 0830 hrs. IST of 30th June over East Madhya Pradesh and adjoining Chhattisgarh about 150 kms southeast of Jabalpur. It moved westwards and further weakened into a well marked low pressure area over northwest Madhya Pradesh and neighbourhood at 2030 hrs. IST of the same day. It lay over southeast Rajasthan & neighbourhood in the morning of 1st July. It further weakened and lay as a low pressure area over the same region in the morning of 2nd July. It lay over south Rajasthan & neighbourhood on 3rd July and over central parts of Rajasthan on 4th July.
- A low pressure area formed over northeast Bay of Bengal and neighbourhood on 3rd morning and became well marked at 1430 hrs. IST of the same day. It concentrated into a depression and lay centred at 0830 hrs. IST of 4th July, over Bangladesh coast near lat. 22.0°N/ long.89.5°E about 150 km southeast of Kolkata.
- An off-shore trough extended from Maharashtra coast to Kerala coast during the week.
- An upper air cyclonic circulation lay over Jammu & Kashmir & neighbourhood
- During 28th to 30th June. It lay over Himachal Pradesh & neighbourhood during 1st to 3rd July and became less marked afterwards.
- An upper air cyclonic Circulation lay over central Pakistan and adjoining West Rajasthan between 0.9 to 2.1 km a.s.l. on 28th & 29th June.
- Strong westerly/southwesterly winds prevailed over south Peninsular India in the lower level during the week.

Outlook for the Week Ending On July 4th 2007

- Enhanced rainfall activity is likely over east India during first half of the week and subsequently shift to central India & adjoining northern plains.

- Widespread rainfall with heavy fall is likely over Gujarat, Konkan & Goa, Madhya Maharashtra from 8th July onwards.
- Fairly widespread rainfall activity is likely over Rajasthan during first half of the week.



SATELLITE PICTURE OF MONSOON PROGRESS (07.07.07)

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 some selling at higher level.

Stochastic: The stochastic is moving upward in neutral region.

MACD: MACD is in negative region and moving upward.

RSI: RSI is in neutral region and moving upward.

Market Outlook:

The guar seeds futures are likely to remain range bound with firm bias on the back of good physical demand and revised lower forecast by IMD.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX May Contract

Candlestick: Formation of Candlestick pattern shows recovery in prices during the period with firm bias.

Stochastic: The stochastic is moving upward in neutral region.

MACD: MACD is in negative region and moving upward.

RSI: RSI is in neutral region and moving upward.

Market Outlook:

The guar gum futures are likely to remain range bound with firm bias on the back of good physical demand and revised lower forecast by IMD.



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