

GUAR SEED & GUAR GUM

09-14 July, 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 lackluster trade during the period starting July 9th. The prices of both guar seed and guar gum tumbled initially on fears of bumper production during the current crop season, as traders offloaded their inventories. However, prices recovered thereafter on good physical demand at lower price level against lower arrivals in the market. Talks of crop damage further imparted bullishness in the market. Rajasthan has received good rains during last couple of days which is favourable for the sowing of guar crop in North Rajasthan and Haryana. But heavy rainfall is expected in parts of east Rajasthan, west Gujarat and MP may disrupt the sowing or may harm/damage the recently sown guar crop as guar is susceptible to water logging. Lower arrival during the period due to stockists hoarding also supported the market sentiment, traders reported. Thus, considering the factors prices are likely to remain steady to slightly firm in short term. However, the price movement in both spot and futures market will depend on the second spell of rainfall over Rajasthan region in medium term. If the region gets similar rainfall in second spell (i.e. after 20-25 days) then prices are expected to ease. On other hand sowing process is picking up pace in Rajasthan, Haryana, Gujarat and Punjab regions and as per the trade estimates guar production is expected to increase by 50% from last year's level, as acreage is increasing in almost all guar growing regions. Total arrivals at Rajasthan mandis declined during the period and are reported at around 3000-3500 bags (1 bag = 100 Kg). In Jodhpur spot market guar seed prices traded in the range of Rs 1720-1760/mtl and in Bikaner it was offered at Rs 1610-1635/mtl. Guar gum prices in Jodhpur markets stood at Rs 4250-4400/mtl.

Guar Futures Market

Guar futures witnessed roller coaster movements during the week with prices recouping almost all the initial losses towards the end of the week. The August contract of Guar dipped sharply on the first trading of the week on MCX and NCDEX and saw the lows of Rs 1604/mtl and 1630/mtl respectively on Tuesday. The prices then recovered towards the end of the week to see the highs of Rs 1697/mtl and 1737/mtl on MCX and NCDEX respectively on renewed buying interest in the commodity. The volume traded increased smartly towards the end of the week, whereas open interest dipped after initial gains. Guar seed stocks in MCX and NCDEX warehouses declined from the previous

week's level and stood at 4,560.685 MT as on 12th July and 25,880 MT as on 13th July 2007 respectively.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mtl)

Particular	Centre	Date		Change
		07.07.07	14.07.07	
Guar Seed	Bikaner	1635	1625-30	-5
	Jodhpur	1770	1760-70	-
	Nokha	1600-10	1620-30	+20
Guar Gum	Jodhpur	4375-4400	4400	-

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/mtl)

Dates	Bikaner	Jodhpur	Guar Gum
07.07.07	1654.60	1672.35	4343.75
09.07.07	1607.30	1628.40	4235.65
10.07.07	1603.90	1634.95	4251.80
11.07.07	1605.00	1633.20	4248.20
12.07.07	1644.25	1660.15	4331.65
13.07.07	1654.60	1680.00	4431.60
14.07.07	1660.75	1672.35	4408.70
Change	+6.15	-	+64.95

Guar Seed Futures Prices at NCDEX

Dates	July-Contract		Aug-Contract		Sept-Contract	
	Open	Close	Open	Close	Open	Close
07.07.07	1684	1688	1707	1719	1738	1745
09.07.07	1693	1623	1715	1648	1737	1676

10.07.07	1616	1635	1646	1659	1673	1686
11.07.07	1639	1652	1662	1676	1687	1700
12.07.07	1654	1680	1675	1706	1700	1733
13.07.07	1686	1689	1714	1718	1743	1746
14.07.07	1685	1686	1711	1716	1737	1746

Guar Gum Futures Prices at NCDEX

Dates	July-Contract		Aug-Contract		Sept-Contract	
	Open	Close	Open	Close	Open	Close
07.07.07	4285	4318	4368	4396	4440	4474
09.07.07	4300	4219	4370	4249	4450	4316
10.07.07	4170	4179	4221	4255	4288	4315
11.07.07	4153	4221	4265	4307	4320	4359
12.07.07	4245	4294	4300	4373	4384	4439
13.07.07	4320	4311	4391	4400	4454	4462
14.07.07	4300	4307	4389	4391	4450	4456

PRICE DRIVERS:

- This year's good monsoon is favourable for guar production
- Sowing process is in full swing in rest of Rajasthan, Haryana and Punjab
- Good demand from exporters & millers at lower levels
- Good overseas demand from China & U.S
- Lower stock position in exchanges
- Acreage is likely to increase by 1 lakh hectares this year.
- Expectation of increased productivity per hectare
- Output likely to touch 10 lakh tonnes

OUTLOOK:

Short Term (1 Week): Steady to slightly firm on good physical demand at lower levels

Medium Term (1 Month): Volatile on speculation over monsoon progress and acreage estimates.

Long Term (3 Months): Steady to sluggish on higher output estimates.

MONSOON WATCH

Southwest Monsoon was vigorous/active over East Rajasthan and Gujarat region during many days and over West Rajasthan, Konkan & Goa and Madhya Maharashtra on a few days of the week. Widespread / fairly widespread rainfall occurred over these regions during remaining days of the week. Scattered heavy to very falls with isolated extremely heavy falls also occurred over Gujarat region and Rajasthan on a few days.

Southwest monsoon was vigorous/active over Gangetic West Bengal, Jharkhand & Orissa during 5th to 7th,

Chhattisgarh on 7th, East Madhya Pradesh on 7th & 8th and West Madhya Pradesh on 9th. Fairly widespread /widespread rainfall also occurred over West Madhya Pradesh during many days and East Madhya Pradesh & Chhattisgarh on a few days of the remaining period of the week. Scattered heavy to very heavy rainfall with isolated extremely heavy falls occurred over Gangetic West Bengal & Orissa during 5th-7th and over West Madhya Pradesh during 8th & 9th.

It was active/vigorous over Kerala, Karnataka and Vidarbha during a few days of the week. Rain/thundershowers occurred at many places over these sub-divisions during remaining days of the week.

Southwest monsoon was active over Western Himalayan region on 6th, 8th and 9th when fairly widespread rain/thundershower with isolated heavy falls occurred over this region.

Fairly widespread /widespread rainfall occurred over Andaman & Nicobar Islands and Nagaland, Manipur, Mizoram & Tripura during many days and Assam & Meghalaya, Arunachal Pradesh, Sub-Himalayan West Bengal & Sikkim and Bihar on a few days of the week.

Isolated to scattered rainfall occurred over remaining parts of the country during many days of the week. (Map enclosed).

METEOROLOGICAL ANALYSIS (11.07.07)

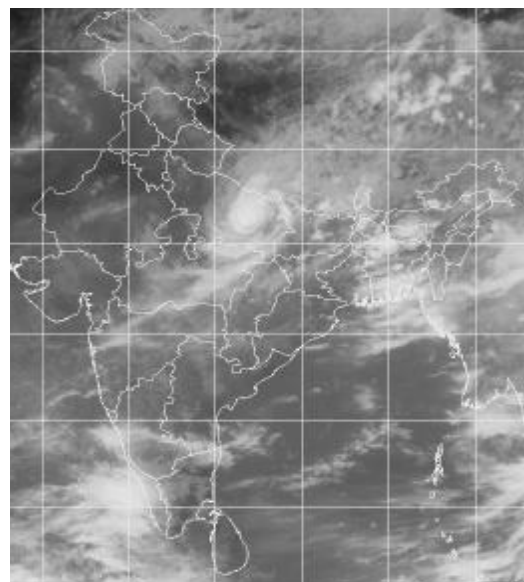
- Last week's low pressure area over central parts of Rajasthan became less marked on 5th July. However the associated upper air cyclonic circulation lay over East Rajasthan & neighbourhood extending upto mid-tropospheric level. It lay over same area extending upto 4.5 km a.s.l on 6th and became less marked on 7th.
- Last week's depression over Bangladesh coast moved northwestwards and lay centred at 0830 hrs. IST of 5th over Gangetic West Bengal about 50 km north of Kolkata. It remained practically stationary and intensified into a deep depression in the same evening. It then moved westwards and lay centred at 0830 hrs. IST of 6th over Gangetic West Bengal near Bankura. The system further moved west-northwestwards, weakened into a depression and lay centred at 0830 hrs. IST of 7th July over north Chhattisgarh and neighbourhood close to Ambikapur. It lay centred at 0830 hrs. IST of 8th July over east Madhya Pradesh about 50 km southeast of Sagar. It then moved northwestwards and lay centred over northwest Madhya Pradesh close to Shivpuri on 9th morning. It weakened into a well marked low pressure area and lay over northwest Madhya Pradesh and adjoining East Rajasthan on 10th morning and became less marked on 11th morning. However, the associated upper air cyclonic circulation lay over central Rajasthan and neighbourhood extending upto mid-tropospheric level on 11th.
- An off-shore trough extended from south Konkan coast to Kerala coast during many days of the week.
- An upper air cyclonic circulation lay over north Pakistan and adjoining Jammu & Kashmir at lower levels during 7th -9th and became less marked on 10th.

Outlook for the Week Ending On July 18th 2007

- A low pressure area is likely to form over north Bay of Bengal around 13th. Under its

influence, increase in rainfall activity likely over east & adjoining central India during 13th-15th.

- Increase in rainfall activity over plains of northwest India



SATELLITE PICTURE OF MONSOON PROGRESS (16.07.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX August Contract

Candlestick: Formation of Candlestick pattern shows that prices couldn't extend previous weeks rally and dipped initially on account of profit taking. However prices managed to recoup the loss and managed to regain previous weeks high on account of steady buying supports.

Stochastic: The short-term oscillators Stochastic is rising in the neutral region indicating short term firmness in prices

MACD: MACD has entered into positive region.

RSI: RSI is rising in the neutral region indicating short term firmness in prices

Market Outlook:

The guar seeds futures are likely to remain range bound with firm bias on the back of good physical demand against the lower arrivals.



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 against the lower supply.



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