

GUAR SEED & GUAR GUM

23-28 July, 2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Witnessed Mixed Sentiment**
- **Spot Market Witnessed Lacklustre trade**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Physical Market

During the week starting July 23, the guar spot market prices tumbled in anticipation of rainfall over the guar growing region coupled with subdued physical demand and offloading of inventories by stockists. However, the prices recovered thereafter with good buying support by the millers as lower guar seed prices motivated them to remain active in the market. Last few days dry spell over the region coupled with good overseas demand further pushed up the prices. In the international markets like USA, China, Saudi Arab and EU countries, there is continuously growing demand for the Indian guar gum and guar split. However, the appreciation of rupee against dollar hurting the export activity in domestic markets as strong rupee has eaten out the margins of exporters. Further, due to hoarding activity by stockists in anticipation of price rise supported the market sentiment in the mid of week. Towards the end of week, prices declined as traders offloaded their inventories in fear of rains over the guar growing regions. This week also experienced a good demand from the exporters as well as millers. Total arrivals at Rajasthan mandis declined during the period and are reported at around 2,000-2,500 bags (1 bag = 100 Kg). In Jodhpur spot market guar seed prices traded in the range of Rs 1800-1840/ql and in Bikaner it was offered at Rs 1680-1710/ql. Guar gum prices in Jodhpur markets stood at Rs 4525-4575/ql. Thus considering the demand and supply factor, the prices are likely to remain steady to slightly firm in the short term.

Guar Futures Market

Guar futures started the week on weaker node while recouped the losses in the mid of week on renewed buying interest with some profit booking towards the weekend. The August contract of Guar seed in both the exchanges i.e.; MCX and NCDEX traded in the range of Rs 1670-1711/ql and Rs 1713-1794/ql with volume and open interest declining during the period. Guar seed stocks in MCX and NCDEX warehouses declined from the previous week's level and stood at 4,189.905 MT and 24,922 MT as on 26th July 2007 respectively.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		21.07.07	28.07.07	
Guar Seed	Bikaner	1700	1680	-20
	Jodhpur	1810-1825	1800	-25
	Nokha	1675-80	1650	-30
Guar Gum	Jodhpur	4525	4525	-

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
21.07.07	1702.00	1711.40	4509.50
23.07.07	1708.50	1720.70	4519.30
24.07.07	1673.75	1685.55	4455.20
25.07.07	1695.00	1714.75	4507.25
26.07.07	1716.15	1726.90	4553.85
27.07.07	1717.95	1715.25	4558.95
28.07.07	1710.85	1714.15	4523.85
Change	+8.85	+2.75	+14.35

Guar Seed Futures Prices at NCDEX

Dates	Aug-Contract		Sept-Contract		Oct-Contract	
	Open	Close	Open	Close	Open	Close
21.07.07	1752	1768	1790	1813	1822	1845
23.07.07	1768	1745	1811	1784	1836	1818
24.07.07	1736	1721	1775	1758	1807	1791
25.07.07	1717	1736	1762	1773	1796	1804
26.07.07	1733	1786	1778	1829	1808	1865
27.07.07	1780	1744	1822	1781	1862	1814
28.07.07	1741	1734	1785	1773	1819	1804

Guar Gum Futures Prices at NCDEX

Dates	Aug-Contract		Sept-Contract		Oct-Contract	
	Open	Close	Open	Close	Open	Close
21.07.07	4473	4557	4574	4662	4640	4740
23.07.07	4551	4504	4663	4583	4798	4688
24.07.07	4465	4439	4551	4514	4611	4621
25.07.07	4452	4461	4533	4547	4610	4641
26.07.07	4484	4580	4575	4680	4667	4757
27.07.07	4525	4518	4660	4554	4790	4637
28.07.07	4475	4459	4565	4538	4651	4616

PRICE DRIVERS:

- Early sown guar seeds are now in vegetative stage in Haryana & Gujarat
- Sowing is progressing well in rest part of Rajasthan
- Haryana is expecting the increase of acreage by 20% this year.
- Acreage is likely to increase by 1 lakh hectares in current crop season & production is expected to touch 10 lt
- Expectation of higher yield of 500 kg/hectare during the current season compared with 375 kg/hectare last year
- Growing overseas demand from China, USA, EU countries for guar gum and Saudi Arabia for Guar gum split
- Guar gum exports are likely to rise by 47% to 2.2 lakh tonnes during current fiscal
- Good domestic demand from millers / processors and exporters
- Strengthening rupee has cast a shadow on the margins of exporters

OUTLOOK:

Short Term (1 Week): Range bound with firm bias on good physical demand at lower levels coupled with stockists hoarding.

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

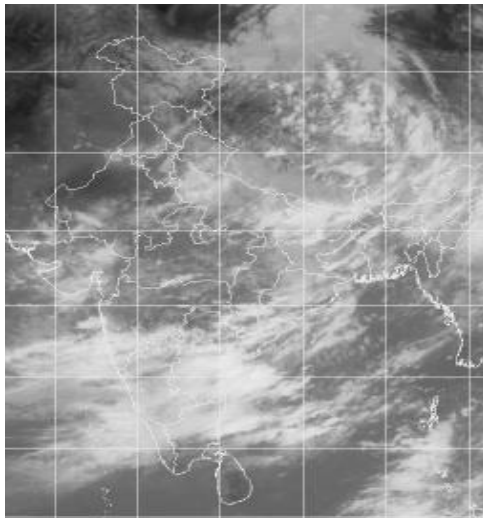
Long Term (3 Months): Steady to sluggish on higher acreage and increased output estimates.

METEOROLOGICAL ANALYSIS (25.07.07)

- The axis of the monsoon trough at sea level ran close to the foothills of the Himalayas during many days of the week.
- Last week's low pressure area over East Uttar Pradesh and adjoining Bihar became less marked on 19th July. However, the associated upper air cyclonic circulation lay over Bihar & neighbourhood extending upto 3.1 km a.s.l. on 19th and became less marked on 20th. A north-south trough in lower tropospheric levels extended from Bihar to north coastal Andhra Pradesh on 20th and became less marked on 21st.
- An upper air cyclonic circulation in the lower tropospheric levels lay over Bangladesh & neighbourhood on 21st & 22nd and over Assam & neighbourhood on 23rd July. It moved away eastwards thereafter. Another upper air cyclonic circulation at lower tropospheric levels lay over Sub-Himalayn West Bengal & neighbourhood on 24th and east Assam & adjoining Arunachal Pradesh on 25th July.
- A cyclonic circulation lay over westcentral Bay of Bengal off south Coastal Andhra Pradesh extending upto 3.1 km a.s.l. on 23rd; over southwest Bay of Bengal off north Tamil Nadu coast on 24th and over Tamil Nadu & neighbourhood on 25th July.
- Last week's upper air cyclonic circulation over Jammu & Kashmir and neighbourhood moved away eastwards on 19th.
- A trough in westerlies extending upto mid-tropospheric level ran from north Pakistan to north Arabian Sea during 19-21st and from Jammu & Kashmir to north Arabian Sea across Pakistan during 22-25th July. An embedded cyclonic circulation lay over north Pakistan at lower tropospheric levels during 19-21st and over Jammu & Kashmir and neighbourhood during 22-25th.
- An off-shore trough extended from south Maharashtra coast to Kerala coast throughout the week.

Outlook for the Week Ending On August 1st 2007

- Numerical Weather Prediction models suggest that southwest monsoon is likely to remain in a weak phase during the week. Hence, rainfall activity over central and adjoining peninsular & northwest India will remain subdued during the same period.
- Enhanced rainfall activity with isolated heavy to very heavy fall is likely to continue over northeastern states, Sub-Himalayan West Bengal & Sikkim and Bihar during the week.
- Increase in rainfall activity along the west coast towards 2nd half of the week.



SATELLITE PICTURE OF MONSOON PROGRESS (28.07.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)
NCDEX August Contract

Candlestick: Candlestick pattern shows roller coaster movement during the period. Price closed between the 9 and 18 days EMA's, indicating firmness may continue in short term.

Stochastic: The Stochastic is steadily moving up and about to make a bullish cross over.

MACD: MACD remains in the positive region and rising steadily.

RSI: RSI is moving down in the neutral region.

Market Outlook:

Prices are expected to trade up with possibility of profit taking at higher levels.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)
NCDEX August Contract

Candlestick: Candlestick pattern shows roller coaster movement during the period. Price closed between the 9 and 18 days EMA's, indicating firmness may continue in short term.

Stochastic: The Stochastic is steadily moving up and about to make a bullish cross over

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Market Outlook:

Prices are expected to trade up with profit booking at higher levels.



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