

## GUAR SEED & GUAR GUM

06- 11 August, 2007

### MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Witnessed Firm Sentiment**
- **Spot Market Witnessed Firm Sentiment**

### MARKET COMMENTARY OF MAJOR MARKETS

#### Guar Physical Market

Guar seed and guar gum prices initially traded weak starting August 6th on rainfall in some parts of Rajasthan and on subdued trading activity, while recovered smartly thereafter due to clear weather across the region and reports of insufficient rains over the Western Rajasthan following good physical demand and lower arrivals coupled with lower stocks in warehouses. Though, IMD predicted for rainfall over South Rajasthan, but it would not affect the prices, as the guar cultivation is very less or negligible there. The major guar producing areas are mainly located in Northern, Western and Eastern parts of the region, where the rains are insufficient at the moment. Also IMD predicted that the India's monsoon rains are expected to be subdued for next 2-3 days, which likely to impart bullishness in short-term. The sowing of the commodity will only commence after a good rainfall over rest part of the region, sources reported. It was also reported that the acreage in Haryana and in some parts of Rajasthan (Sriganganagar, Hanumangarh, Churu etc.), where the sowing is completed after the first spell of monsoon, has increased significantly and production is also expected to increase during the current crop season, which may depress the prices in medium to long-term. Further, the continued debate in EU countries over quality concern of Indian guar gum is likely to affect India's export demand. Indian guar gum exporters also sought for financial help from the official export promotion body SHEFEXIL, earlier known as Shellac Export Promotion Council to test the sample of guar gum, as the cost of testing is around Rs 30,000 per sample. Good demand from miller/processors as well as mild demand from exporter reported during the period. Arrivals at the majority of market declined marginally from the previous week's level of 2000-2500 bags to 2000-2100 bags, as stockists hoarding stocks. In Jodhpur spot market guar seed prices traded in the range of Rs 1760-1850/mtl and in Bikaner it was offered at Rs 1680-1715/mtl. Guar gum prices in Jodhpur markets stood at Rs 4400-4650/mtl.

#### Guar Futures Market

Guar futures traded firm during the period stating August 6th on increased buying interest with some profit booking in the middle of the week. The September contract of Guar seed in both the exchanges i.e.; MCX and NCDEX traded in the range of Rs 1661-1762/mtl and Rs 1674-1812/mtl. Both volume and open interest increased during the period. Guar seed stocks in MCX and NCDEX warehouses

declined from the previous week's level and stood at 3,979.251 MT and 23,452 MT as on 09th August 2007 respectively.

#### Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Particular	Centre	Date		Change
		04.08.07	11.08.07	
Guar Seed	Bikaner	1670-80	1715	+35
	Jodhpur	1780	1850-60	+80
	Nokha	1650	1700	+50
Guar Gum	Jodhpur	4450	4660-70	+220

#### Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
04.08.07	1650.90	1674.50	4411.45
06.08.07	1638.10	1649.45	4331.50
07.08.07	1659.60	1660.40	4387.50
08.08.07	1676.80	1669.80	4435.50
09.08.07	1717.10	1700.75	4571.60
10.08.07	1737.00	1692.45	4543.05
11.08.07	1740.75	1721.10	4614.15
Change	+89.85	+46.60	+202.70

### Guar Seed Futures Prices at NCDEX

Dates	Aug-Contract		Sept-Contract		Oct-Contract	
	Open	Close	Open	Close	Open	Close
04.08.07	1660	1681	1690	1714	1720	1744
06.08.07	1675	1666	1708	1699	1736	1729
07.08.07	1665	1686	1698	1723	1730	1757
08.08.07	1692	1731	1729	1771	1764	1804
09.08.07	1738	1745	1792	1783	1826	1821
10.08.07	1739	1766	1778	1803	1812	1839
11.08.07	1765	1775	1800	1811	1844	1851

### Guar Gum Futures Prices at NCDEX

Dates	Aug-Contract		Sept-Contract		Oct-Contract	
	Open	Close	Open	Close	Open	Close
04.08.07	4270	4298	4367	4380	4410	4459
06.08.07	4249	4238	4325	4344	4351	4392
07.08.07	4294	4297	4345	4397	4464	4479
08.08.07	4349	4358	4431	4499	4499	4581
09.08.07	4442	4439	4550	4528	4610	4602
10.08.07	4411	4450	4510	4581	4590	4665
11.08.07	4501	4507	4585	4596	4658	4690

### PRICE DRIVERS:

- Quality concern of Indian guar gum; overseas demand likely to come down, which ultimately affect the exports from the country
- Monsoon rains will remain subdued in next 2-3 days; affect the sowing
- Clear weather over Rajasthan region
- Lower stock position in warehouses
- Recent rains over Haryana and in parts of Rajasthan favourable for crop growth which is in vegetative stage.
- Total acreage is expected to increase by 1 lakh ha in current crop season and Haryana is expecting the increase of acreage by 20%. Production is also expected to touch 10 lt.
- Expectation of higher yield of 500 kg/hectare during the current season compared with 375 kg/hectare last year due to favourable condition.
- Good domestic demand from millers / processors; mild demand from exporters
- Demand for by-product of guar seed (Churi & Korma)
- Strengthening rupee has cast a shadow on the margins of exporters

### OUTLOOK:

**Short Term (1 Week):** Prices are likely to remain range bound on reports of subdued monsoon progress coupled with issue of quality of Indian guar gum

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

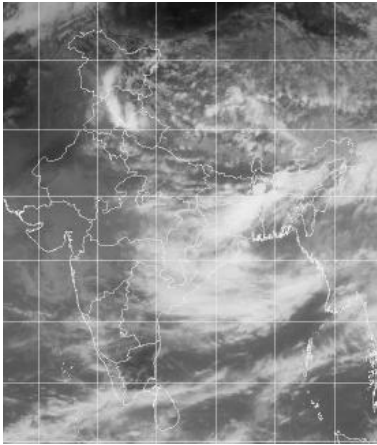
**Long Term (3 Months):** Slightly weak on speculation over acreage and higher production estimates.

### METEOROLOGICAL ANALYSIS (08.08.07)

- An upper air cyclonic circulation lay over north Bay of Bengal extending upto mid-tropospheric levels and tilting southwestwards with height on 3rd August. Under its influence, a low pressure area formed over northwest Bay of Bengal off North Orissa-West Bengal coast on 4th. It concentrated into a depression at 0530 hrs IST of 5th August over the same area near Lat 20.0° N and Long 88.5° E, about 230 Km southeast of Balasore. It moved westwards and intensified into a deep depression and lay centred at 2330 hrs IST of the same day, near Lat 20.0° N / Long 87.5° E about 100 km southeast of Chandbali. It further moved west-northwestwards, crossed Orissa coast to the north of Paradeep between 0630 & 0730 hrs IST of 6th August and lay centred at 0830 hrs IST of same day over coastal Orissa, close to Cuttack. It continued to move west-northwestwards and weakened into a depression and lay centred at 0830 hrs IST of 7th August over Chhattisgarh, close to Raipur. The system moved west-northwestwards and further weekend into a well marked low pressure area over central Madhya Pradesh and neighbourhood at 1730 hours IST of the same day. It lay over West Madhya Pradesh and neighbourhood on 8th August.
- An off-shore trough extended from Konkan coast to Kerala coast on 2nd and from south Gujarat coast to Kerala during remaining days of the week.
- The last week's upper air cyclonic circulation over south coastal Andhra Pradesh & neighbourhood between 1.5 to 5.8 km a.s.l. lay over west-central Bay of Bengal and adjoining north Coastal Andhra Pradesh on 2nd and became less marked on 3rd.
- Last week's trough in westerlies ran from central Pakistan to northeast Arabian Sea during 2nd -6th in lower tropospheric levels and became less marked on 7th. An embedded cyclonic circulation lay over central Pakistan and adjoining Punjab on 2nd & 3rd and became less marked on 4th. However, another cyclonic circulation lay over southeast Pakistan and neighbourhood in lower tropospheric levels during 4th- 7th.
- The axis of the monsoon trough lay in its normal position or to the south during the week.

### Outlook for the Week Ending On August 15th 2007

- A low pressure area is likely to form over North Bay of Bengal around 10th August causing increase in rainfall activity over east India & central India.



**SATELLITE PICTURE OF MONSOON PROGRESS (11.08.07)**

## TECHNICAL ANALYSIS

**Commodity: Guar Seed**

**Perspective: Very Short Term (Weekly)**  
**NCDEX September Contract**

Prices recouped all the previous loses and traded firm during the period as reflected in chart pattern. EMA and MACD remains firm for the medium-term. MACD is about to make bullish crossover. Stockists and RSI are moving upward in the neutral region, indicating further firmness in prices. Overall trend remains bullish. A good resistance at 1812 level if it breaches then price will move up further.

### Market Outlook:

Prices are expected to trade range bound with firm bias.



## TECHNICAL ANALYSIS

**Commodity: Guar Gum**

**Perspective: Very Short Term (Weekly)**  
**NCDEX September Contract**

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