

## GUAR SEED & GUAR GUM

10 - 14 September, 2007

### MAJOR ACTIVITY HIGHLIGHTS

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

### MARKET COMMENTARY OF MAJOR MARKETS

#### Guar Spot Market

Amidst reports of overnight rainfall and storm over Northern Rajasthan and Punjab on September 9th coupled with marginal improvement in arrival, both guar seed and gum traded weak initially starting September 10. However, prices recovered thereafter on reports of crop damage in Haryana due to continued dry spell. Reports of continuous rains in North Rajasthan especially over Sri Ganganagar regions has not only delayed arrivals of guar seeds but caused sufficient damage to the standing crops thereby affecting quality of seeds and loss to already harvested crops. Further, talks of lower production in Pakistan this year also aided to bullishness. Meanwhile, the team from EU which was supposed to visit India in September has deferred the visit to early next month (October) after being informed by the commerce ministry that the govt. is doing the preliminary testing. However, prices stood slightly steady to firm towards the week end on restricted arrivals from Ganganagar region. Overall arrivals across the major mandis in Rajasthan improved marginally from previous week's level of 4200 bags to around 4500 bags. Sriganganagar market witnessed the arrivals of 800 - 1400 bags (including some old stock) during the period. Good demand from millers and exporters reported during the period. Prices of guar seeds and gum are likely to be driven by speculation over crop loss and production estimates for current season. In Jodhpur spot market guar seed prices traded in the range of Rs 1820-1835/mt and in Bikaner it was offered at Rs 1715-1730/mt. Guar gum prices in Jodhpur markets traded at Rs 4625-4675/mt.

#### Guar Futures Market

Opening firm at Rs 1790/mt, the NCDEX guar seed futures rose steadily till midweek but dipped later on predominant selling interest to settle lower at Rs 1783/mt on Friday. The week's high and lows were Rs 1814/mt and Rs 1763/mt on Tuesday. The volumes varied from 59,880 to 208,650 tonnes and Open Interest varied from 89,140 to 99,800 tonnes. By end of week, volumes and open interest declined.

The NCDEX Guar Gum futures witnessed choppy trading through out the week. The guar gum futures opened firm at Rs 4632/mt but couldn't sustain gains for long and finally settled lower at Rs 4607/mt on Friday. The volumes varied from 1,180 to 1,750 tonnes and Open Interest varied from 5,790 to 6,010 tonnes. By end of week, volumes and open interest declined.

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

(Prices in Rs/mt)

Particular	Centre	Date		Change
		08.09.07	14.09.07	
Guar Seed	Bikaner	1715	1710	+5
	Jodhpur	1810-20	1810	-10
	Nokha	1690	1700	+10
Guar Gum	Jodhpur	4625	4625-50	+25

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

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
08.09.07	1720.85	1716.20	4630.35
10.09.07	1706.55	1711.75	4613.25
11.09.07	1733.75	1716.20	4613.25
12.09.07	1727.50	1720.75	4629.15
13.09.07	1714.60	1714.25	4598.45
14.09.07	1715.75	1716.60	4613.25
Change	-5.10	+0.40	-17.10

#### Guar Seed Futures Prices at NCDEX

Dates	Sept-Contract		Oct-Contract		Nov-Contract	
	Open	Close	Open	Close	Open	Close
08.09.07	1748	1749	1790	1783	1818	1817
10.09.07	1764	1740	1790	1774	1831	1809
11.09.07	1748	1761	1780	1794	1810	1828
12.09.07	1764	1766	1799	1800	1833	1835
13.09.07	1773	1756	1805	1786	1840	1818
14.09.07	1748	1751	1785	1782	1820	1814

## Guar Gum Futures Prices at NCDEX

Dates	Sept-Contract		Oct-Contract		Nov-Contract	
	Open	Close	Open	Close	Open	Close
08.09.07	4501	4521	4632	4580	4668	4671
10.09.07	4560	4531	4632	4556	4671	4675
11.09.07	4515	4537	4571	4603	4665	4684
12.09.07	4560	4555	4610	4630	4700	4716
13.09.07	4510	4525	4630	4601	4718	4689
14.09.07	4524	4530	4610	4604	4677	4683

## PRICE DRIVERS:

- Heavy Rains over Northern Rajasthan damages some harvested crops
- Rains benefit late-sown, late-maturing crop
- Fresh arrivals begin sporadically in Rajasthan, Haryana.
- Unresolved issue of Indian guar gum quality.
- Reports of lower crop in Pakistan.
- Unconfirmed reports of crop damage in Sriganganagar due to recent heavy rains
- Expectation of lower production this year
- Reports of rains over NW part of India
- Demand for by-product of guar seed (Churi & Korma)

## OUTLOOK:

**Short Term (1 Week):** Range bound with weak bias ahead of arrivals

**Medium Term (1 Month):** Slightly weak as arrivals gain pace

**Long Term (3 Months):** Likely to recover from lows as arrivals tail off and possible resolution of gum issue.

## METEOROLOGICAL ANALYSIS (12.09.07)

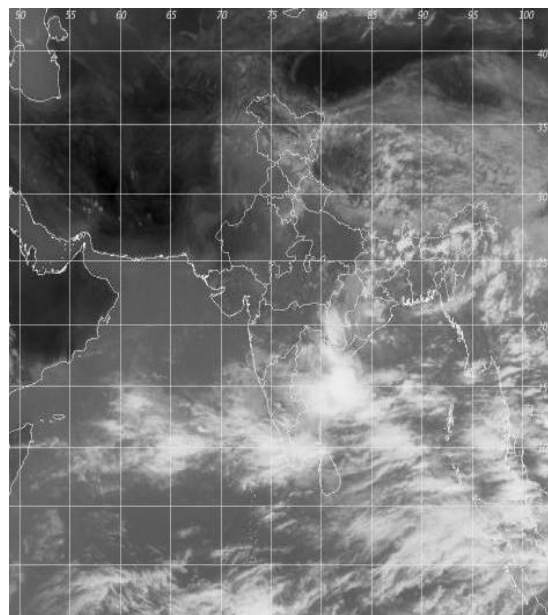
- Last week's upper air cyclonic circulation over Gangetic West Bengal and neighbourhood extending upto mid-tropospheric level lay over Jharkhand and adjoining West Bengal & Bihar on 6th. It lay over Bihar and adjoining East Uttar Pradesh on 7th and became less marked on 8th.
- An off-shore trough extended from Maharashtra coast to Kerala coast during first half of the week.
- A trough in westerlies extending upto mid-tropospheric level ran from north Pakistan to north Arabian Sea during the week.
- An upper air cyclonic circulation extending upto 4.5 km a.s.l. lay over extreme south peninsula on 10th. It persisted over the same area extending upto 3.1 km a.s.l. on 11th and became less marked on 12th.
- A north-south trough extended from Sub-Himalayan West Bengal & Sikkim to north Bay of Bengal across

Gangetic West Bengal in lower tropospheric levels on 11th & 12th.

- The axis of the monsoon trough lay near its normal position during 6-8th and ran close to foothills of Himalayas during 9th-12<sup>th</sup>.

## Outlook for the Week Ending On September 19th 2007

- Scattered to fairly widespread rainfall is likely over northeast, adjoining east India and extreme south peninsula.
- Numerical Weather Prediction models suggest that subdued rainfall activity is likely to continue over northwest, central and adjoining west India.



SATELLITE PICTURE OF MONSOON PROGRESS (14.09.07)

## TECHNICAL ANALYSIS

Commodity: **Guar Seed**

Perspective: Very Short Term (Weekly)

NCDEX October Contract

Chart pattern shows range bound trade with slight tentativeness on both sides. MACD and EMA pattern shows bearishness in prices. Stochastic has turned flat near oversold regions. RSI is dipping in neutral region indicating short term weakness. Both volumes and open interest declined.

### Market Outlook:

Prices are expected to trade range bound with weak bias.



## TECHNICAL ANALYSIS

Commodity: **Guar Gum**

Perspective: Very Short Term (Weekly)

NCDEX October Contract

Chart pattern shows range bound trade with slight tentativeness on both sides. MACD and EMA pattern shows bearishness in prices. Stochastic has turned flat near oversold regions. RSI is dipping in neutral region indicating short term weakness. Both volumes and open interest declined.

### Market Outlook:

Prices are expected to trade range bound with weak bias.



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