

GUAR SEED & GUAR GUM

17 - 22 September, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Guar Spot Market

Guar seed and gum spot prices traded range bound on routine trading activity against steady arrivals initially, while declined after mid-week on weak demand coupled with rain forecast over NW India. At Jodhpur, guar seed declined from Rs 1830 to Rs 1800/mtl and gum from Rs 4650-4575/mtl. Prediction of rains over NW India and West Rajasthan restricted the upside and pressurized the prices as it is beneficial for late sown guar crop in non-irrigated areas of Haryana. However, rains over irrigated areas in Haryana may harm quality of seeds as the crop is almost ready to harvest, reported. With the report of Czech Republic's blocking of four consignment of Indian guar gum further imparted bearish tone. The (CAFIA) Czech Agriculture and Food Inspection Authority, in cooperation with the General Directorate of Customs (GDC), have blocked 4 extra consignments of Indian guar gum till outcome of the report of EU inspection of Indian guar gum quality, which is expected to be done early next month as a team from EU is supposed to arrive India early next month. Sources reported that exporters are optimistic that the EU may lift guar gum ban within a month. Their optimism comes on the back of tests conducted on several guar gum samples in the EU labs, which showed no signs of toxins (dioxin & pentachlorophenol). Further the reports of lower yield in Haryana this year due to deficit rains and quality concerns of harvested seed as well as unconfirmed reports of damage to the maturing and harvested crop in Sriganganagar (Rajasthan) due to recent rainfall restricted the downside. Fresh arrivals in Sriganganagar markets were declined from the previous week's level of 1400 bags to 600-700 bags (including some old stock of around 100-150 bags) as rains affected the quality of newly harvested seeds. Arrivals across the major markets in Rajasthan reported at 2800-3000 bags.

Guar Futures Market

Guar futures traded range bound initially while declined thereafter erasing all the initial gains during the period. The October contract of Guar seed in both the exchanges i.e.; MCX and NCDEX traded in the range of Rs 1681-1785/mtl and Rs 1735-1800/mtl. Both volume and open interest declined during the period. Guar seed stocks in MCX warehouses declined from the previous week's level of 3,678.876 MT to 3,594 MT while improved marginally in NCDEX and from 25,761 MT to 27,855 MT as on 21st Sept. 2007.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Particular	Centre	Date		Change
		14.09.07	22.09.07	
Guar Seed	Bikaner	1710	1690-95	-15
	Jodhpur	1810	1780-90	-20
	Nokha	1700	1715	+15
Guar Gum	Jodhpur	4625-50	4550	-100

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
14.09.07	1715.75	1716.60	4613.25
17.09.07	1721.90	1717.15	4609.25
18.09.07	1724.60	1723.20	4629.15
19.09.07	1724.75	1725.75	4620.45
20.09.07	1693.75	1693.10	4563.05
21.09.07	1707.25	1705.50	4537.50
22.09.07	1690.00	1691.45	4509.25
Change	-25.75	-25.15	-104.00

Guar Seed Futures Prices at NCDEX

Dates	Sept-Contract		Oct-Contract		Nov-Contract	
	Open	Close	Open	Close	Open	Close
14.09.07	1748	1751	1785	1782	1820	1814
17.09.07	1740	1753	1775	1784	1808	1816
18.09.07	1756	1757	1784	1789	1816	1824
19.09.07	1760	1734	1790	1768	1826	1800
20.09.07	1725	1723	1758	1756	1790	1790
21.09.07	-	-	1753	1753	1795	1785
22.09.07	-	-	1748	1746	1778	1780

Guar Gum Futures Prices at NCDEX

Dates	Sept-Contract		Oct-Contract		Nov-Contract	
	Open	Close	Open	Close	Open	Close
14.09.07	4524	4530	4610	4604	4677	4683
17.09.07	4500	4513	4560	4596	4645	4680
18.09.07	4531	4520	4600	4598	4680	4682
19.09.07	4507	4509	4603	4546	4696	4624
20.09.07	4460	4427	4530	4481	4610	4545
21.09.07	-	-	4479	4476	4525	4549
22.09.07	-	-	4426	4417	4514	4519

PRICE DRIVERS:

- Forecast of rainfall over NW India;
- Czech Republic blocked 4 consignment of guar gum
- Fresh arrivals started in Sriganganagar (Rajasthan) & few parts of Haryana
- Expectations that exports to EU may resume soon
- Normal demand from millers / Processors; exporters' activity remained subdued.
- Lower stock position in the market
- Quality concerns of harvested seed as well as maturing crop in Sriganganagar due to recent rains.
- Lower yield reported in Haryana
- Expectation of lower production in the country as well as in Pakistan.

OUTLOOK:

Short Term (1 Week): Prices are expected to remain range bound with weak bias as Czech Republic blocked consignments of guar gum coupled with subdued demand against sporadically arrivals.

Medium Term (1 Month): Likely to remain firm due to expectations that exports to EU may resume soon as well as expectation of lower production.

Long Term (3 Months): Steady to slightly weak due to arrival pressure in the market.

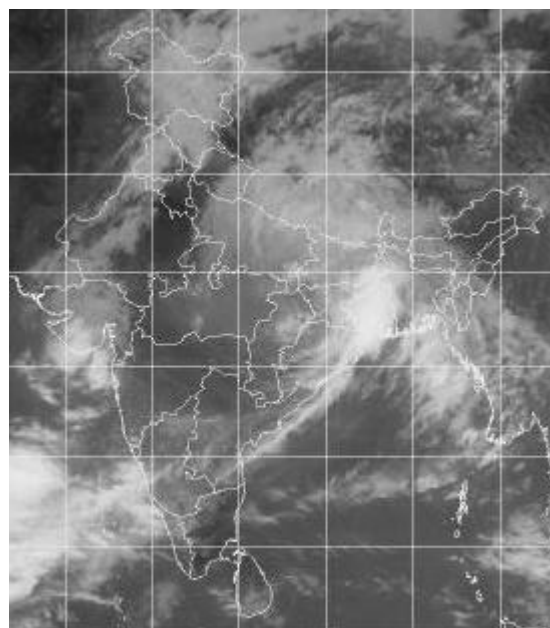
METEOROLOGICAL ANALYSIS (19.09.07)

- A low pressure area formed over northwest Bay of Bengal and adjoining coastal areas of north Orissa and West Bengal on 13th morning. It persisted over the same region on 14th and became less marked on 15th. However, the associated upper air cyclonic circulation lay over northwest and adjoining West-Central Bay of Bengal off Orissa and Andhra Pradesh coasts on 16th. Again, under the influence of this cyclonic circulation, a low pressure area formed over west-central Bay of Bengal and adjoining Coastal Andhra Pradesh on 17th. It lay as a well marked low pressure area over the same region on 18th and 19th.

- While the western end of the monsoon trough lay to the north of its normal position or near normal position, the eastern end of the monsoon trough shifted gradually from north to south during the week in association with the low pressure area over the Bay of Bengal.
- A feeble off-shore trough at mean sea level ran from Konkan coast to Kerala coast during many days of the week.
- A trough in lower tropospheric levels ran from north Pakistan to north Arabian Sea during the week.

Outlook for the Week Ending On September 26th 2007

- The well marked low pressure area over West-Central Bay of Bengal is likely to concentrate into a depression and cause widespread rainfall with isolated heavy to very heavy falls over Orissa and north Andhra Pradesh during first half of the week. The enhanced rainfall activity is likely to shift towards central and west India during second half of the week
- Scattered fairly widespread rainfall activity is likely over northwest India during second half of the week.
- Decrease in rainfall activity over the peninsular India during second half of the week.



SATELLITE PICTURE OF MONSOON PROGRESS (24.09.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX October Contract

After initially trading firm prices tumbled breaking the trend line as reflected in candlestick chart pattern. Medium-term oscillators' MACD and EMA remains weak. Stochastic and RSI is about to enter in to the oversold zone. Both volume and open interest declined during the period. Immediate support can be seen at 1720 and 1712 level. Buying is advisable above 1774 level.

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

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