

GUAR SEED & GUAR GUM

24 - 29 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 prices traded weak initially on weak physical demand and rains over Rajasthan coupled with cloudy condition over Haryana. These rains are seen beneficial for the late sown crop in Western and Central Rajasthan, which pressurized the prices. Demand from millers / processors remained subdued or absent in the market as they are unwilling to buy the low quality new seeds, which further weighed on prices. Seeds are damaged because of incessant rainfalls over Northern Rajasthan during harvesting. However, prices found support and recovered after mid-week with the reports of total acreage is trailed by last year's in Rajasthan. As per the Rajasthan's State Farm Dept. the guar seed acreage is estimated at 2.14 mln ha or 93 per cent of the targeted 2.3 mln ha. Before the second phase of sowing in Rajasthan, it was estimated at 1.75 mln ha. Total acreage is below the last years 2.81 mln ha which may lead to the decrease in production. Meanwhile, the European Union (EU) begins accepting Indian guar gum consignment, which further supported the sentiment. The steps have been taken on the back of test conducted on various samples of guar gum in accredited laboratories (Vimta Lab in Hyderabad) which shows no sign of toxins (dioxin & pentachlorophenol) and based on its certification, consignments are accepted. However, a team from EU is supposed to visit India in early October to check the testing facilities available in India. Moreover, with unconfirmed report that Haryana govt. is likely to do away the VAT (value added tax) on guar seed and gum from October 1st, 2007 further supported the sentiments. Arrivals across the markets in Rajasthan reported at around 2800-3000 bags on daily basis. Sriganganagar received the fresh arrivals of 600-700 bags. In Haryana, arrivals are expected to pick up pace in next 15-20 days, reported. Arrivals in western and central Rajasthan is expected to pick up after mid-November to early December.

Guar Futures Market

After initially trading weak guar futures recovered marginally in mid-week while declined towards the week end. The November contract of Guar seed in both the exchanges i.e.; MCX and NCDEX traded in the range of Rs 1655-1750/mt and Rs 1697-1777/mt. Volume declined while open interest increased during the period. Guar seed stocks in MCX and NCDEX warehouses improved from the previous week's level of 3,594 MT to 3,774 MT and 27,855 MT to 28,484 MT as on 27th Sept. 2007.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Particular	Centre	Date		Change
		22.09.07	29.09.07	
Guar Seed	Bikaner	1690-95	1625-30	-65
	Jodhpur	1780-90	1740-50	-40
	Nokha	1715	1645	-70
Guar Gum	Jodhpur	4550	4350-75	-175

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
22.09.07	1690.00	1691.45	4509.25
24.09.07	1662.20	1680.25	4446.35
25.09.07	1640.75	1672.05	4421.70
26.09.07	1640.00	1669.30	4412.50
27.09.07	1663.45	1677.00	4434.80
28.09.07	1647.50	1678.05	4430.20
29.09.07	1630.35	1653.40	4353.20
Change	-59.65	-38.05	-156.05

Guar Seed Futures Prices at NCDEX

Dates	Oct-Contract		Nov-Contract		Dec-Contract	
	Open	Close	Open	Close	Open	Close
22.09.07	1748	1746	1778	1780	1810	1811
24.09.07	1738	1706	1773	1734	1801	1766
25.09.07	1699	1682	1730	1712	1756	1744
26.09.07	1683	1685	1710	1716	1740	1746
27.09.07	1688	1696	1722	1726	1751	1757
28.09.07	1698	1680	1729	1708	1761	1740
29.09.07	1680	1660	1704	1686	1738	1717

Guar Gum Futures Prices at NCDEX

Dates	Oct-Contract		Nov-Contract		Dec-Contract	
	Open	Close	Open	Close	Open	Close
22.09.07	4426	4417	4514	4519	4585	4581
24.09.07	4415	4345	4470	4413	4575	4498
25.09.07	4329	4316	4380	4380	4475	4466
26.09.07	4347	4315	4362	4381	4475	4457
27.09.07	4330	4356	4395	4424	4475	4502
28.09.07	4352	4336	4440	4384	4506	4456
29.09.07	4303	4274	4384	4329	4450	4400

PRICE DRIVERS:

- EU okays imports of Indian guar gum
- Unconfirmed reports that Haryana govt. is likely to do away the VAT on guar seed and gum
- Acreage in Rajasthan estimated at 2.14 mln ha against last year's 2.81 mln ha
- Quality concerns of harvested seed in Sriganganagar.
- Lower stock position in the market
- Demand for good quality seeds
- Arrivals in Western and Central Rajasthan likely to start after mid-Nov to early Dec.
- Fresh arrivals started in Sriganganagar (Rajasthan) & few parts of Haryana
- Normal demand from millers / Processors and exporters'.
- 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 firm bias as EU okayed imports of guar gum coupled with demand for quality seeds.

Medium Term (1 Month): Likely to remain firm as the arrivals in western and central Rajasthan is likely to start after mid-November coupled with expectations of lower production and revival of export activity.

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

METEOROLOGICAL ANALYSIS (26.09.07)

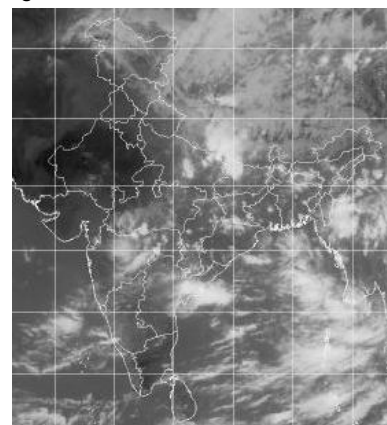
- Last week's well marked low pressure area over West-Central Bay of Bengal and adjoining Coastal Andhra Pradesh lay over West-Central Bay of Bengal and adjoining north coastal Andhra Pradesh & south coastal Orissa on 20th. It lay over West-Central and adjoining North-West Bay of Bengal off south Orissa - north Andhra Pradesh coasts in the morning of 21st and concentrated into a depression and lay centred at 1730 hours IST of 21st September 2007 over the same area near Lat. 18.0 °N and Long 86.5 °E, about 230 km southeast of Puri. The system moved north-northwestward and lay centred at 0830 hours IST of 22nd September 2007 over North-West and adjoining West-Central Bay of Bengal near Lat. 19.0 °N and Long 86.0 °E, about 100 km southeast of Puri. It then moved northward and crossed Orissa coast near Puri around

1830 hours IST of 22nd September. It then moved northwestward and lay centred at 0830 hours IST of 23rd September over Interior Orissa near Angul. It further moved north-northwestward and lay centred at 0830 hours IST of 24th September over north Chhattisgarh, close to Ambikapur. The system weakened into a well marked low pressure area and lay over north Chhattisgarh and adjoining East Madhya Pradesh at 1730 hours IST of 24th September. The well marked low pressure area lay over East Uttar Pradesh and neighbourhood in the morning of 25th. It lay as a low pressure area over the same region in the evening of 25th and became less marked on 26th. However, the associated upper air cyclonic circulation lay over West Uttar Pradesh and neighbourhood extending upto mid-tropospheric level on 26th.

- An upper air cyclonic circulation lay over North-East Arabian Sea off Gujarat and north Maharashtra coasts on 22nd September 2007. Under its influence, a low pressure area formed over the same region on 23rd September. It persisted over North-East Arabian Sea off Saurashtra coast and became well marked on 24th. It lay as a low pressure area over North-East Arabian Sea and adjoining areas of Gujarat and Konkan on 25th and over north Gujarat region and adjoining southwest Madhya Pradesh on 26th.
- An off-shore trough extended from Konkan coast to Kerala coast on 20th and from south Gujarat coast to Kerala coast thereafter.
- A trough in lower tropospheric levels ran from north Pakistan to north Arabian Sea during first two days of the week and became less marked thereafter. However, a trough in mid-tropospheric levels ran from north Pakistan to north Arabian Sea during 23rd to 26th.
- A cyclonic circulation lay over north Pakistan and adjoining Jammu & Kashmir in lower tropospheric levels on 24th and over Jammu & Kashmir & neighbourhood on 25th. It moved away eastwards thereafter.
- The axis of the monsoon trough ran to the south of its normal position during many days of the week.

Outlook for the Week Ending On October 3rd 2007

- Scattered to fairly widespread rainfall activity is likely over east and adjoining central India during first half of the week and decrease thereafter.
- Withdrawal of southwest monsoon is likely to commence from parts of Rajasthan and northwest India during first half of the week.



SATELLITE PICTURE OF MONSOON PROGRESS (29.09.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)
NCDEX November Contract

After initially trading weak, prices moved sideways with some weakness towards the week end as reflected in candlestick chart pattern. Medium-term oscillators' MACD and EMA remains weak. Stochastic is about to make a bullish crossover in oversold zone while RSI heading down in the oversold zone. Volume declined while open interest increased during the period. Prices are expected to remain range bound with firm bias.

Market Outlook:

Prices are expected to trade range bound with firm bias.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)
NCDEX November Contract

After initially trading weak, prices moved sideways with some weakness towards the week end as reflected in candlestick chart pattern. Medium-term oscillators' MACD and EMA remains weak. Stochastic is about to make a bullish crossover in oversold zone while RSI heading down in the oversold zone. Volume declined while open interest increased during the period. Prices are expected to remain range bound with firm bias.

Market Outlook:

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