

## GUAR SEED & GUAR GUM

01-06, October, 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 traded mixed with prices remaining steady to slightly firm in Western Rajasthan and easing prices in northern Rajasthan. The prices felt arrival pressure in Ganganagar belt of northern Rajasthan as the harvest started gathering momentum in the region. Also some quality issues of rain affected seeds kept the prices subdued. Whereas in the western Rajasthan, where the delayed harvest is expected to start near mid of November, the prices remained steady to slightly firm on the wake of tight supply and normal demand. Supply situation is still hazy as the crop in the main producing regions of Rajasthan (West & Central) is in the flowering stage and needs a small spell of showers to attain better yield. Under normal weather conditions the Guar crop this year is expected around 75 lakh bags by trade sources, which in conjunction with expected carry forward stocks of 15 to 20 lakh bags brings the supplies around 90 lakh bags. So, the supply situation in Guar seems normal and thus a lot will depend upon the export demand for the commodity. In this regard the European Union's decision to accept Indian guar gum consignments after a recent lean patch would prove promising provided the visiting team of EU finds the quality testing set up in the country satisfactory and the issue gets settled. The export demand for Guar (gum & split) normally remains vibrant during October to February, which will support the prices during the harvesting season. Further, as the harvest in the major producing regions is delayed and quality of seeds from the fresh harvest in Ganganagar belt being poor, the domestic demand from millers and stockists for quality seeds are expected to contain the downside potential of the guar prices in a short term.

#### Guar Futures Market

Guar Seed futures washed away most of the initial gains towards the end of the week as traders booked profits after Wednesday's sharp gains. The November contract of Guar seed in both the exchanges i.e.; MCX and NCDEX traded in the range of Rs 1625-1687/mtl and Rs 1677-1740/mtl respectively. 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 3,774 MT to 3,853.255 MT and 27,845 MT to 28,885 MT as on 4th Oct. 2007 respectively.

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

(Prices in Rs/mt)

Particular	Centre	Date		Change
		29.09.07	06.10.07	
Guar Seed	Bikaner	1625-30	1610	-15
	Jodhpur	1740-50	1730-35	-15
	Nokha	1645	1630	-15
Guar Gum	Jodhpur	4350-75	4300	-75

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

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
29.09.07	1630.35	1653.40	4353.20
01.10.07	1630.00	1653.40	4321.05
02.10.07	****	****	****
03.10.07	1647.75	1672.95	4391.65
04.10.07	1648.75	1672.10	4379.90
05.10.07	1641.90	1660.00	4338.75
06.10.07	1626.00	1650.45	4320.95
Change	-4.35	-2.95	-32.25

#### Guar Seed Futures Prices at NCDEX

Dates	Oct-Contract		Nov-Contract		Dec-Contract	
	Open	Close	Open	Close	Open	Close
01.10.07	1675	1671	1695	1700	1724	1732
02.10.07	**	***	**	**	**	**
03.10.07	1676	1698	1702	1730	1733	1765
04.10.07	1703	1685	1735	1715	1771	1748
05.10.07	1684	1676	1712	1705	1747	1736
06.10.07	1671	1644	1697	1670	1731	1700

#### Guar Gum Futures Prices at NCDEX

Dates	Oct-Contract		Nov-Contract		Dec-Contract	
	Open	Close	Open	Close	Open	Close
01.10.07	4265	4270	4351	4356	4420	4429
02.10.07	***	***	***	***	***	***
03.10.07	4292	4327	4370	4411	4440	4480
04.10.07	4305	4298	4415	4379	4462	4452
05.10.07	4300	4271	4367	4342	4426	4409
06.10.07	4250	4179	4320	4259	4382	4335

#### 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 (06.10.07)

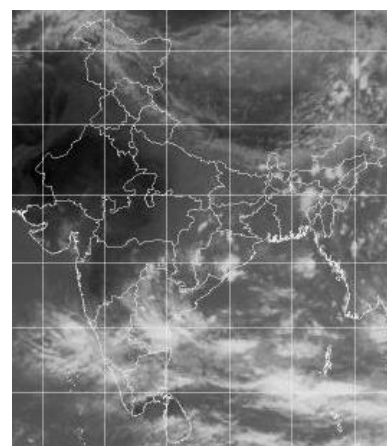
- Southwest monsoon withdrew from most parts of West Rajasthan and some parts of Punjab, Haryana, East Rajasthan and north Arabian Sea on 30th September 2007. It further withdrew from entire Jammu & Kashmir, Himachal Pradesh, Uttarakhand, remaining parts of Punjab, Haryana, Rajasthan, most parts of West Uttar Pradesh & Gujarat, some parts of East Uttar Pradesh & West Madhya Pradesh on 2nd October.
- Withdrawal line passed through Kheri, Kanpur, Lalitpur, Ujjain, Baroda, Porbander, Lat. 22.0°N/ Long. 65.0°E and Lat. 22.0°N/ Long. 60.0°E on 2nd October.
- An upper air cyclonic circulation extending upto mid-tropospheric levels lay over Gangetic West Bengal and neighbourhood on 27th, over Jharkhand and neighbourhood on 28th, over Bihar and neighbourhood on 29th & 30th, over Bihar and adjoining Sub-

Himalayan West Bengal on 1st & 2nd October and over northeastern states on 3rd October.

- An upper air cyclonic circulation extending upto mid-tropospheric levels lay over coastal Andhra Pradesh & neighbourhood on 30th September, over West-Central Bay of Bengal off Coastal Andhra Pradesh during 1st - 3rd October.
- An upper air cyclonic circulation in the lower levels lay over North-East Arabian Sea and adjoining Coastal areas of Gujarat and Maharashtra coasts on 27th, over Madhya Maharashtra & neighbourhood on 28th, over Marthawada & neighbourhood on 29th and became less marked on 30th.
- An off-shore trough at mean sea level extended from South Gujarat coast to Karnataka coast on 27th and from Konkan coast to Karnataka coast on 28th & 29th September.
- Last week's upper air cyclonic circulation over West Uttar Pradesh and neighbourhood extending upto mid-tropospheric level persisted over the same region in the lower levels during 27th - 29th and became less marked on 30th.
- Last week's low pressure area over north Gujarat and adjoining southwest Madhya Pradesh became less marked on 27th. However, the associated upper air cyclonic circulation in the lower levels lay over the same region on 27th and became less marked on 28th.

#### Outlook for the Week Ending On October 10th 2007

- Southwest monsoon is likely to further withdraw from remaining parts of West Uttar Pradesh & Gujarat, some more parts of Madhya Pradesh and some parts of Maharashtra.
- Increase in rainfall activity is likely over Coastal Andhra Pradesh, Orissa, West Bengal & Sikkim and northeastern states.



SATELLITE PICTURE OF MONSOON PROGRESS (06.10.07)

## TECHNICAL ANALYSIS

**Commodity: Guar Seed**

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

The bearish long day pattern of candlestick shows dominance of bears. The prices continue to hold the levels below short and medium term EMAs, which supports bears. MACD is showing increase in bearish momentum. Stochastic however is running upwards in normal region. Market is expected to trade volatile with bearish bias.

### Market Outlook:

Prices are expected to trade range bound with weak bias.



## TECHNICAL ANALYSIS

**Commodity: Guar Gum**

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

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