

GUAR SEED & GUAR GUM

08-13, October, 2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Witnessed volatile Sentiments**
- **Spot Market Witnessed Steady to Slightly Weak Sentiment**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Spot Market

Guar seed and gum traded steady to slightly weak during the week starting October 8 as demand for poor quality seeds remained slightly weak. Increased arrivals at Sriganganagar belt of Rajasthan and Haryana couldn't pressure the prices much as quality issue, which kept the prices weak initially, lost ground with the gradual improvement in arrivals of some good quality seeds. Most of the market players are positive about the prospects of the guar prices in the coming time with domestic production expected at or below par with the last year's production. Increased acreage in Haryana seems has gone in vain as yield and quality of the crop are said to be hampered by untimely rains during maturity. Further, acreage in major producer Rajasthan is already lower which negates any question of increased production. The possibility of dry spell during the maturity of late sown crop in Rajasthan further aggravates the situation. Looking at the expected poor production in Pakistan and lower or steady production in India, the prices are likely to see firmness once the export demand increases. In this regard, the report of EU delegates on Indian guar gum quality testing facilities, to be submitted shortly would be important. If it comes satisfactory and Indian guar gum exports are given green signal, the export demand will definitely jump higher during peak season of October to February, especially when the Pakistani option is limited. Some initial sluggishness in demand cannot be ruled out as strong rupee might deter the importers, however once the prices in Pakistan increases on limited supply, they will not have any other option than Indian guar.

Guar Futures Market

Guar futures lost steam towards the end of the week washing away most of the earlier gains. The November contract of Guar seed in both the exchanges i.e.; MCX and NCDEX traded in the range of Rs 1638-1685/mtl and Rs 1668-1723/mtl. Volume and open interest both declined during the period. Guar seed stocks in MCX declined from the previous week's level of 5625.26 MT to 5416.32 MT and in NCDEX it rose from 28,484 MT to 28,825 MT as on 11th Oct. 2007.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Particular	Centre	Date	Change
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		06.10.07	13.10.07	
Guar Seed	Bikaner	1610	1605-10	-
	Jodhpur	1730-35	1725	-10
	Nokha	1630	1610	-20
Guar Gum	Jodhpur	4300	4250	-50

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
06.10.07	1626.00	1650.45	4320.95
08.10.07	1613.75	1638.05	4270.20
09.10.07	1625.00	1638.80	4278.40
10.10.07	1640.00	1653.40	4310.65
11.10.07	1640.40	1656.95	4312.65
12.10.07	1630.40	1639.20	4263.20
13.10.07	1625.00	1639.85	4247.20
Change	-1.00	-10.90	-73.75

Guar Seed Futures Prices at NCDEX

Dates	Oct-Contract		Nov-Contract		Dec-Contract	
	Open	Close	Open	Close	Open	Close
08.10.07	1637	1643	1665	1673	1696	1703
09.10.07	1646	1657	1674	1689	1704	1719
10.10.07	1661	1680	1688	1711	1723	1744
11.10.07	1683	1672	1717	1705	1748	1737
12.10.07	1672	1657	1701	1687	1733	1719
13.10.07	1651	1646	1683	1683	1713	1707

Guar Gum Futures Prices at NCDEX

Dates	Oct-Contract	Nov-Contract	Dec-Contract
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	Open	Close	Open	Close	Open	Close
08.10.07	4157	4173	4230	4255	4290	4323
09.10.07	4196	4211	4250	4296	4320	4348
10.10.07	4228	4246	4300	4333	4360	4401
11.10.07	4265	4253	4335	4298	4415	4405
12.10.07	4205	4201	4310	4273	4360	4348
13.10.07	4180	4160	4260	4238	4325	4320

PRICE DRIVERS:

- Panic over EU team's report
- Strong rupee might hamper the attractiveness of Indian stuff
- Pakistan expectedly poor crop round the corner
- Indian guar seed production expected to decline slightly
- Harvest gathering momentum in Sriganganagar and Haryana
- Poor quality of seeds from fresh harvest in Sriganganagar and Haryana.
- Normal demand from millers / Processors and exporters'

OUTLOOK:

Short Term (1 Week): Prices are expected to remain range bound with firm bias due to good demand and slightly tight supply of 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.

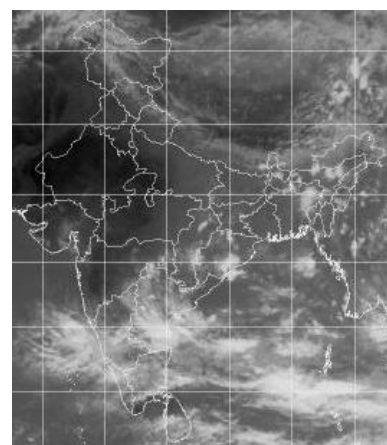
METEOROLOGICAL ANALYSIS (13.10.07)

- 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 17th 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 (13.10.07)

TECHNICAL ANALYSIS

Commodity: **Guar Seed**

Perspective: Very Short Term (Weekly)

NCDEX November Contract

Candlestick shows bearish sentiments. The prices closed below short & medium term EMA favoring bears. MACD is running flat in negative region. Stochastic is supporting bulls in normal region. RSI is showing some weakness.

Market Outlook:

Prices are expected to trade range bound.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly) NCDEX November Contract

Candlestick shows bearish sentiments. The prices continue to hold the levels below short and medium term EMAs, which supports bears. MACD is showing some decrease in bearish momentum. Stochastic however is running upwards in normal region. Market is expected see some recovery on buying support at lower levels.

Market Outlook:

Prices are expected to trade range bound.



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