

GUAR SEED & GUAR GUM

15-20, 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 prices eased gradually during the week after some initial firmness on improved arrivals towards the end of the week and poor quality led subdued demand from stockists and exporters. The market remained lack luster with stockists and exporters keeping themselves away from the market with dismal arrivals of quality seeds. Millers on the other hand bought the rain-affected seeds at bargained prices looking at healthy demand for byproducts. Increased arrivals in Sriganganagar and Hanumangarh district of Rajasthan were seen towards the end of the week, which pressured the prices to some extent. The arrivals are now expected to gradually shrink with the harvest in the region nearing completion. The market is eying the main crop of Guar from western Rajasthan, which will start leaving the fields by mid November. The quality of seeds is expected to be good, but the crop needs a shower before maturity to attain a good yield. With the bulk of production of Rajasthan coming from this region, the quantum of guar seed production this year will largely depend on the weather conditions in the coming two weeks. Weather is currently dry in this part of the country and is expected to remain so in the coming week too, which is concerning for the guar farmers there. Meanwhile, EU delegates completed their inspection on 12th October and are likely to submit report early next week. The market is expecting the report to come in favor of Indian exports. Thus, in such a scenario, the guar prices have limited downside potential as the availability of quality seeds is poor and demand is good.

Guar Futures Market

Guar futures traded volatile with bullish bias during the week. The December contract of Guar seed in both the exchanges i.e.; MCX and NCDEX traded in the range of Rs 1710-1750/mtl and Rs 1708-1784/mtl. Volume and open interest both increased during the period. Guar seed stocks in MCX declined from the previous week's level of 5416.32 MT to 4833.10 MT and in NCDEX it rose from 28,825 MT to 29,546 MT as on 18th Oct. 2007.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Particular	Centre	Date		Change
		13.10.07	20.10.07	
Guar Seed	Bikaner	1605-10	1650	+40

	Jodhpur	1725	1760	+25
	Nokha	1610	1660	+50
Guar Gum	Jodhpur	4250	4325	+75

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
13.10.07	1625.00	1639.85	4247.20
15.10.07	1638.40	1652.95	4287.50
16.10.07	1656.60	1660.05	4312.50
17.10.07	1647.25	1659.15	4304.45
18.10.07	1637.10	1645.75	4249.35
19.10.07	1662.70	1662.05	4311.85
20.10.07	1654.75	1653.40	4307.80
Change	+29.75	+13.55	+60.60

Guar Seed Futures Prices at NCDEX

Dates	Nov-Contract		Dec-Contract		Jan-Contract	
	Open	Close	Open	Close	Open	Close
15.10.07	1675	1711	1707	1747	1740	1779
16.10.07	1718	1730	1752	1767	1788	1802
17.10.07	1728	1708	1766	1744	1795	1778
18.10.07	1704	1725	1737	1764	1775	1800
19.10.07	1732	1725	1773	1767	1811	1805
20.10.07	1723	1730	1762	1771	1800	1808

Guar Gum Futures Prices at NCDEX

Dates	Nov-Contract		Dec-Contract		Jan-Contract	
	Open	Close	Open	Close	Open	Close

15.10.07	4215	4303	4336	4378	4440	4446
16.10.07	4330	4334	4400	4412	4480	4474
17.10.07	4330	4278	4375	4345	4465	4415
18.10.07	4279	4293	4311	4382	4410	4429
19.10.07	4350	4314	4400	4396	4490	4483
20.10.07	4295	4303	4400	4395	4479	4473

PRICE DRIVERS:

- Market is expecting EU team's report to be positive
- Guar crop in Western Rajasthan needs rain, weather remain dry
- Arrivals in Sriganganagar and Hanumangarh expected to decline in the coming days
- Acreage in Rajasthan estimated at 2.14 mln ha against last year's 2.81 mln ha
- Harvest in Western Rajasthan still one month away
- Poor quality of seeds from fresh harvest in Sriganganagar.
- Normal demand from millers
- 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 due to good demand for quality seeds and shrinkage in supply

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

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

METEOROLOGICAL ANALYSIS (19.10.07)

Southwest monsoon further withdrew from more parts of Bihar , Jharkhand, Chhattisgarh, Maharashtra and some parts of Gangetic West Bengal and Orissa on 12th October. It further withdrew from some more parts of Chhattisgarh, most parts of Maharashtra and some parts of Telangana and north Interior Karnataka on 15th October.

The withdrawal line passed through Forbesganj, Bankura, Angul, Jagdalpur, Ramagundam, Nizamabad, Gulbarga , Bijapur, Vengurla, Lat. 16.0°N/ Long. 70.0°E, Lat. 16.0°N/ Long. 65.0°E and Lat. 16.0°N/Long. 60.0°E on 15th October.

Last week's upper air cyclonic circulation extending upto 3.1 km above mean sea level over Bangladesh & neighbourhood lay over Gangetic West Bengal & neighbourhood on 11th, over Gangetic West Bengal and adjoining Jharkhand extending upto 4.5 km a.s.l. on 12th, over Jharkhand and neighbourhood between 2.1 and 4.5 km a.s.l. on 13th and became less marked on 14th October.

Last week's upper air cyclonic circulation extending upto 3.1 km a.s.l. over South-West Bay of Bengal off Tamil Nadu coast lay over Tamil Nadu & neighbourhood extending upto 0.9 km above mean sea level on 11th and became less marked on 12th.

An upper air cyclonic circulation extending upto 1.5 km a.s.l. lay over North-West Bay of Bengal off north Orissa and West Bengal coasts on 13th & 14th . Under its influence, a low-pressure area formed over North Bay of Bengal off Bangladesh-West Bengal coast on 15th. It lay over north Bay of Bengal & neighbourhood on 16th morning and became less marked on the same day evening. However, the associated upper air cyclonic circulation extending upto 3.6 km a.s.l. lay over the same area on 16th and became less marked on 17th October.

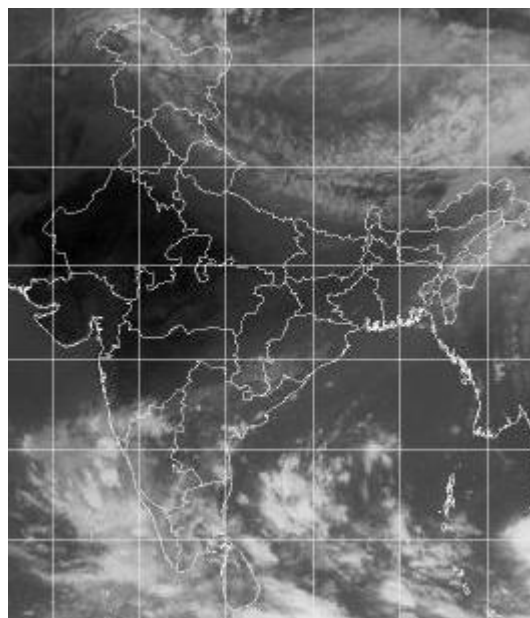
An upper air cyclonic circulation extending upto 2.1 km a.s.l. lay over northeastern states on 11th and moved away eastwards on 12th October.

An upper air cyclonic circulation extending upto 4.5 km a.s.l. lay over west central Bay of Bengal on 14th , over southwest Bay of Bengal off Tamil Nadu coast on 15th and became less marked on 16th October.

Outlook for the Week Ending On October 24th 2007

Southwest monsoon is likely to withdraw from northeastern States and the remaining parts of East & Central India and Maharashtra during middle of the week.

Northeast Monsoon rain is likely to commence over Tamil Nadu and adjoining states during second half of the week.



SATELLITE PICTURE OF MONSOON PROGRESS (19.10.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX December Contract

The prices closed above short and medium term EMAs, which supports bulls. MACD is showing increase in bullish momentum. Further, stochastic is also supporting bulls in overbought levels.

Market Outlook:

Prices are expected to trade range bound with firm bias.



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX December Contract

The prices closed above short and medium term EMAs, which supports bulls. MACD is showing increase in bullish momentum. Further, stochastic is also supporting bulls in overbought levels.

Market Outlook:

Prices are expected to trade range bound with firm bias.



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