

GUAR SEED & GUAR GUM

22-27, October, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Guar Futures Registered Gains during the Week
- Spot Market Remain Firm after Initial Weakness

MARKET COMMENTARY OF MAJOR MARKETS

Guar Spot Market

Guar remains volatile at domestic markets. Prices jumped up at the start of the week on improved demand from stockists as well as millers. Moreover, expectations of the European Union clearing the contamination issues related to guar gum exports continue to underpin the market sentiments and consequently the stockists became active at the market. However, prices started declining during mid-week on increased arrivals in the market. Guar gum prices, however, remain less volatile as traders are waiting for further reports from the EU regarding the contamination issue. Export demand for guar gum remains at the weaker side at present. Quality seeds of Western Rajasthan are likely to be seen in the market yards only after 15th of November, thus resulting in a temporary void in supplies of good quality seeds leading to firmness in prices. Guar prices are expected to witness some firmness in the week ahead on improved demand for the commodity.

Guar Futures Market

Guar futures started the week with a firm note, but profit taking curbed the advances. The futures tested week's low on Thursday. Increased buying interest has supported the futures thereafter and the futures recovered back to week's high on Saturday. MCX December contract traded in the range of Rs. 1,716.5-1,780, while NCDEX December contract traded in the range of Rs. 1,762-1,807 during the week.

Price Movement of Guar Seed and Gum at NCDEX

(Prices in Rs/qt)

Dates	Bikaner	Jodhpur	Guar Gum
20.10.07	1654.75	1653.40	4307.80
22.10.07	1682.25	1670.85	4337.50
23.10.07	1679.65	1670.85	4346.25
24.10.07	1670.85	1660.85	4325.35
25.10.07	1662.95	1660.10	4324.30
26.10.07	1670.40	1665.10	4333.10
27.10.07	1678.65	1670.20	4354.65
Change	+24.00	+16.80	+46.85

Guar Seed Futures Prices at NCDEX

Dates	Nov-Contract		Dec-Contract		Jan-Contract	
	Open	Close	Open	Close	Open	Close
22.10.07	1735	1748	1775	1794	1813	1829
23.10.07	1752	1735	1800	1774	1839	1810
24.10.07	1730	1733	1768	1774	1805	1811
25.10.07	1730	1727	1772	1766	1810	1801
26.10.07	1730	1741	1769	1783	1804	1821
27.10.07	1744	1755	1786	1802	1825	1842

Guar Gum Futures Prices at NCDEX

Dates	Nov-Contract		Dec-Contract		Jan-Contract	
	Open	Close	Open	Close	Open	Close
22.10.07	4315	4344	4412	4435	4470	4523
23.10.07	4355	4330	4450	4417	4540	4503
24.10.07	4311	4329	4410	4421	4490	4508
25.10.07	4338	4324	4430	4414	4520	4501
26.10.07	4323	4342	4414	4432	4489	4516
27.10.07	4352	4380	4440	4477	4525	4565

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qt)

Particular	Centre	Date		Change
		20.10.07	27.10.07	
Guar Seed	Bikaner	1650	1670	+20
	Jodhpur	1760	1765	+5
	Nokha	1660	NA	-
Guar Gum	Jodhpur	4325	4350	+25

PRICE DRIVERS:

- Positive report from EU team expected
- Harvest in West Rajasthan to start in next two weeks
- Rajasthan acreage seen lower at 2.14 m ha vs. last year's 2.81 m ha
- Weak export demand for guar gum
- Limited availability of quality seeds

OUTLOOK:

Short Term (1 Week): Slightly firm due to improved demand

Medium Term (1 Month): Rangebound on new arrivals from West Rajasthan

Long Term (3 Months): Firm on decline in domestic as well as global production

WEATHER SYSTEMS:

An anti-cyclonic circulation persists over northwest and central India. Under its influence fair weather is likely to continue over northwest and central parts of India and Indo-Gangetic plains during next week.

The well marked low pressure area over southeast Arabian Sea has concentrated into a deep depression. It remained practically stationary. It lay centred at 0830 Hrs IST of 28th October 2007 near lat 10.50 N and long 66.50 E. It is likely to intensify further and move in a west-northwesterly direction initially. Sea condition will be rough to very rough over south Arabian sea.

A low pressure area over southeast and adjoining southwest Bay of Bengal has moved westwards, concentrated into a depression over southwest and adjoining southeast Bay of Bengal. It has moved further westward and lay centred at 0830 hours IST of today, the 28th October 2007, over southwest Bay of Bengal near Lat. 11.50 N and Long. 84.50 E, about 480 km southeast of Chennai. The system is likely to intensify further and move in a west-northwesterly direction. Under its influence Fairly widespread to widespread rainfall with heavy to very heavy falls at a few places are likely over Tamilnadu & Pudducherry, south coastal Andhra Pradesh and Rayalaseema during next 2-3 days.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA [J&K, HP, UTTANCHAL, PUNJAB, HARYANA, DELHI, W UP]

Mainly dry weather is likely over the region.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

Isolated rain/thundershowers are likely over Sub-Himalayan West Bengal & Sikkim.

Isolated rainfall activity is likely over coastal Orissa after 24 hours.

Mainly dry weather is expected over rest of the region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

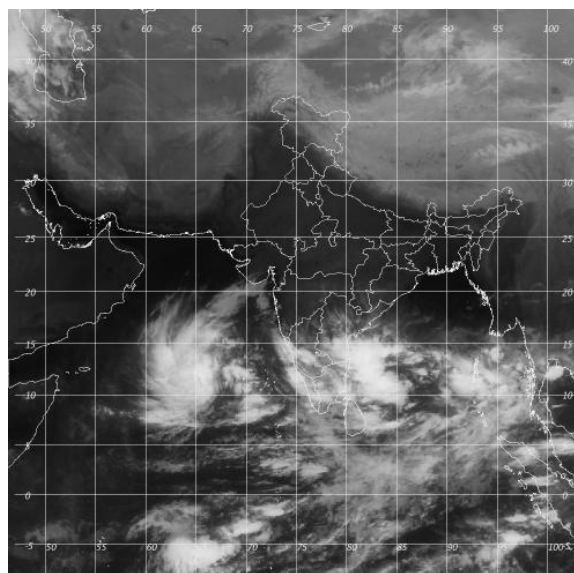
Fairly Widespread to wide spread rainfall with isolated heavy falls are likely over south Coastal Andhra Pradesh, Tamil Nadu & Pondicherry and Rayalseema.

Fairly widespread rainfall activity is likely over Kerala, Lakshadweep, Andaman & Nicobar islands and South Interior Karnataka.

Isolated rainfall is expected over rest of the region during next 2 days and increase thereafter.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Mainly dry weather is expected over the region.



TECHNICAL ANALYSIS

Commodity: **Guar Seed**

Perspective: Very Short Term (Weekly)

NCDEX December Contract

Technically, guar seed futures look firm at chart. The close above the 9-day as well as 18-day EMA suggests a firm trend in the market. 14-day RSI is in neutral region, leaving scope for both way movements. MACD is moving upwards after a bullish crossover in the positive territory, supporting the firmness.

Market Outlook:

Guar seed futures are expected to remain firm in the week ahead.



TECHNICAL ANALYSIS

Commodity: **Guar Gum**

Perspective: Very Short Term (Weekly)

NCDEX December Contract

Technically, guar gum futures look firm at chart. The close above the 9-day as well as 18-day EMA suggests a firm trend in the market. 14-day RSI is in neutral region, leaving scope for both way movements. MACD is moving upwards after a bullish crossover in the positive territory, supporting the firmness.

Market Outlook:

Guar gum futures are expected to remain firm in the week ahead.



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