

GUAR SEED & GUAR GUM

Dec 24-29, 2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Witnessed Weakness**
- **Spot Market Witnessed Steady to Slightly Weak Prices**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Spot Market

Guar continues to trade weak in the domestic market with subdued export demand during yearend holidays and continued supplies are keeping the prices on the softer side. Continued firmness in domestic currency this season and EU's contamination issue has hurt activities on the export front. However, the expectations of improvement in export demand rose after the European Union sent its recommendation to the Shellac and Forest Products Export Promotion Council and directed Indian manufacturers to separate production and processing of food and industrial grade gum. Though implementation of the EU's recommendation would increase the costs for the small producers that are using the same facilities for the manufacture of both food and industrial grade, those having separate facilities are not likely to be affected. It would be interesting to see if the small processors have single processing facility accepts the recommendation of EU or they shift their focus to the other markets continuing with the current process. As the exports to Europe accounts for mere 8%-10% of total guar exports from the country, the directives are not likely to affect the business of such exporters. Meanwhile, activities on export front are expected to improve from the first week of January, which might give some booster to the subdued guar market. In such a case the prices might remain range bound until the export demand improves enough to push the prices in a higher band. The traders are expecting activities in export market to increase in the beginning of New Year. The prices are expected to remain range bound in a short run.

Guar Futures Market

Guar futures traded weak in conjunction with physical markets during the holiday-shortened week. The March futures at MCX traded firm in the range of Rs 1605-1619/mtl during the week. Guar futures for March delivery at NCDEX dipped to the lows of Rs 1696/mtl on Thursday, before closing the week at Rs 1711 per quintal. The contract saw the highs of Rs 1777 on Monday. Volume and open interest improved slightly during the period.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
22.12.07	1560-1570	1675	4100

Guar Seed Futures Prices at NCDEX

Dates	Jan-Contract		Mar-Contract		Apr-Contract	
	Open	Close	Open	Close	Open	Close
24.12.07	1677	1672	1770	1764	1814	1805
25.12.07	****	****	****	****	****	****
26.12.07	1666	1665	1765	1755	1806	1796
27.12.07	1660	1633	1748	1716	1787	1756
28.12.07	1626	1637	1710	1722	1747	1762
29.12.07	1639	1626	1725	1708	1762	1748

Guar Gum Futures Prices at NCDEX

Dates	Jan-Contract		Mar-Contract		Apr-Contract	
	Open	Close	Open	Close	Open	Close
24.12.07	4210	4208	4361	4394	4515	4508
25.12.07	****	****	****	****	****	****
26.12.07	4225	4182	4425	4385	4510	4480
27.12.07	4158	4088	4357	4268	4402	4411
28.12.07	4070	4066	4241	4271	4331	4362
29.12.07	4088	4072	4255	4236	4354	4338

PRICE DRIVERS:

- Steady supplies continues

- EU asks Indian manufactures to separate processing of industrial and food grade guar gum
- Exports expected to gather momentum in the beginning of January
- Stockists buying cautiously
- Strong rupee has squeezed margins of exporters
- Lower production expected in Pakistan
- Lower availability of quality seeds this year

OUTLOOK:

Short Term (1 Week): Steady to slightly weak on healthy supplies and subdued exports

Medium Term (1 Month): Slightly firm on dwindling supplies

Long Term (3 Months): Firm on off-season premiums

METEOROLOGICAL ANALYSIS (29.12.08)

A deep trough of low pressure at mean sea level ran from southwest Bay of Bengal to west central Bay of Bengal off Tamil Nadu and Andhra Pradesh coast on 20th & 21st December.

Another trough of low pressure at mean sea level extended from southeast Arabian Sea to east central Arabian Sea on 20th and 21st and moved away slowly westwards thereafter.

Last week's western disturbance as an upper air system over Jammu & Kashmir and neighbourhood persisted on 20th & 21st December and moved away eastward thereafter.

An induced cyclonic circulation at lower tropospheric levels lay over south Pakistan & adjoining Rajasthan on 20th, West Rajasthan and adjoining Pakistan during 21st to 23rd and became less marked thereafter.

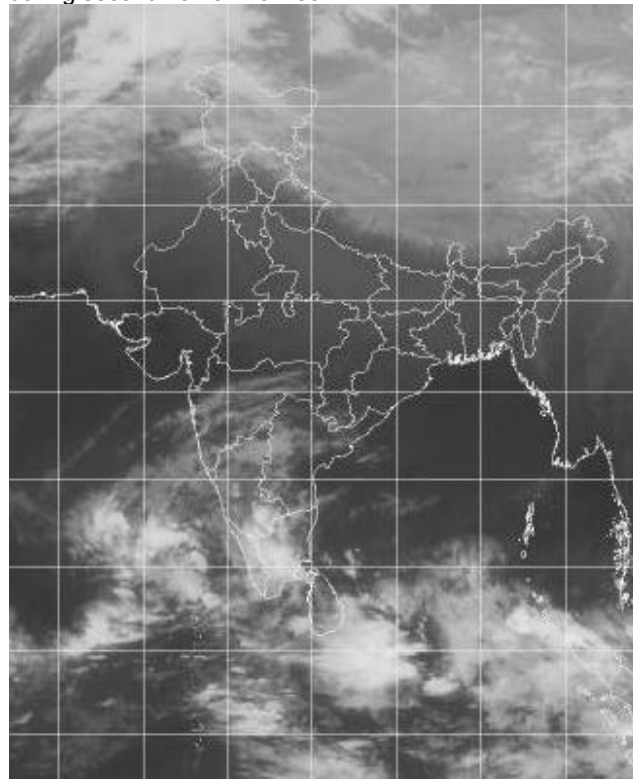
A fresh western disturbance as an upper air system lay over north Pakistan and adjoining Jammu & Kashmir on 24th and over Jammu & Kashmir and neighbourhood on 25th and 26th.

A cyclonic circulation at lower levels lay over Nagaland, Manipur, Mizoram & Tripura (NMMT) and neighbourhood during the week.

Outlook for the Week Ending On January 2nd 2008

Fog conditions in morning hours are likely over some parts of Indo-Gangetic plains.

Fall in night temperatures are likely over northwest India during second half of the week.



SATELLITE PICTURE OF MONSOON PROGRESS (29.12.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX March Contract

Guar futures are looking weak at this stage. MACD has made bearish crossover in negative zone. Stochastic and RSI are running downwards in normal zone.

Market Outlook:

Buy on dips



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX March Contract

Guar futures are looking weak at this stage. MACD has made bearish crossover in negative zone. Stochastic and RSI are running downwards in normal zone.

Market Outlook:

Buy on dips



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>