

GUAR SEED & GUAR GUM

Dec 17-22, 2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Witnessed Slight Recovery**
- **Spot Market Witnessed Steady to Slightly Firm Prices**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Spot Market

Guar continues to trade range bound, some recovery in the prices was observed on slight tightening in supplies. The market is still waiting for vigor on export front where demand is subdued ahead of Christmas and New Year holidays. EU team's final report contamination issue of Indian guar gum is expected to come shortly, which might improve demand from exporters if comes positive. The draft report submitted by the EU team asks for separation of food and industrial grade guar gum to reduce contamination. Exporters are under pressure due to subdued demand from European countries. Continued firmness in rupee has hampered the margins of exporter this year, which is percolating down to the prices in domestic guar market. Recent marginal weakness in rupee raised the expectations that the export demand would improve. Meanwhile, lower prices seem finally started retarding the arrivals in domestic markets, however if prices again inches higher on tight supplies, it might induce the farmers to come to the market yards with their stuff, making it a vicious circle. 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 surged higher after some initial weakness on buying support at lower levels. The January futures at MCX traded firm in the range of Rs 1605-1619/qrtl during the week. Guar futures for March delivery at NCDEX dipped to the lows of Rs 1763/qrtl on Monday, however the prices then climbed to the highs of Rs 1785 per quintal before finally closing at Rs 1773 per quintal on Saturday. Volume and open interest both increased during the period.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/qrt)

| Dates | Bikaner | Jodhpur | Guar Gum |
|-------|---------|---------|----------|
|-------|---------|---------|----------|

| | | | |
|----------|------|------|------|
| 22.12.07 | 1625 | 1720 | 4150 |
|----------|------|------|------|

Guar Seed Futures Prices at NCDEX

| Dates | Jan-Contract | | Mar-Contract | | Apr-Contract | |
|----------|--------------|-------|--------------|-------|--------------|-------|
| | Open | Close | Open | Close | Open | Close |
| 17.12.07 | 1651 | 1643 | 1731 | 1722 | 1763 | 1761 |
| 18.12.07 | 1642 | 1650 | 1722 | 1731 | 1758 | 1770 |
| 19.12.07 | 1653 | 1647 | 1732 | 1731 | 1773 | 1770 |
| 20.12.07 | 1646 | 1660 | 1732 | 1747 | 1771 | 1787 |
| 21.12.07 | 1665 | 1674 | 1747 | 1764 | 1790 | 1805 |
| 22.12.07 | 1675 | 1679 | 1767 | 1773 | 1807 | 1815 |

Guar Gum Futures Prices at NCDEX

| Dates | Jan-Contract | | Mar-Contract | | Apr-Contract | |
|----------|--------------|-------|--------------|-------|--------------|-------|
| | Open | Close | Open | Close | Open | Close |
| 17.12.07 | 4146 | 4125 | 4316 | 4288 | 4390 | 4375 |
| 18.12.07 | 4120 | 4145 | 4280 | 4314 | 4348 | 4405 |
| 19.12.07 | 4141 | 4145 | 4310 | 4311 | 4340 | 4403 |
| 20.12.07 | 4150 | 4160 | 4325 | 4350 | 4338 | 4440 |
| 21.12.07 | 4185 | 4211 | 4360 | 4410 | 4450 | 4500 |
| 22.12.07 | 4218 | 4225 | 4425 | 4431 | 4425 | 4530 |

PRICE DRIVERS:

- Supplies declines marginally
- EU team's final report expected shortly
- Stockists buying cautiously
- Harvest is nearly complete
- Strong rupee has squeezed margins of exporters

- Export to European countries is sluggish
- 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 (22.12.07)

Last week's low pressure area over southwest Bay of Bengal off southeast coast of Sri Lanka became well marked over the same area on 13 December morning. The well marked low pressure area lay over southwest Bay of Bengal and adjoining coastal areas of south Tamil Nadu & north Sri Lanka, on 14th and became less marked on 15th. However, an associated cyclonic circulation extending upto mid tropospheric levels lay over Comorin area and adjoining south Tamil Nadu and Kerala and became less marked on 16th.

Last week's upper air cyclonic circulation in lower tropospheric levels over West Madhya Pradesh and neighbourhood lay over West Uttar Pradesh and neighbourhood on 13th and became less marked on 14th.

Easterly waves sometimes with embedded upper air cyclonic circulations at lower tropospheric levels passed through Andaman & Nicobar Islands, South Bay of Bengal, extreme south peninsula and southeast Arabian Sea.

Cold wave conditions prevailed over some parts of Rajasthan, Haryana, Punjab, Jammu & Kashmir, East Uttar Pradesh, Bihar and Jharkhand during second half of the week.

A western disturbance as an upper air system lay over Jammu & Kashmir and neighbourhood on 13th, over Himachal Pradesh and neighbourhood on 14th and moved away eastward thereafter.

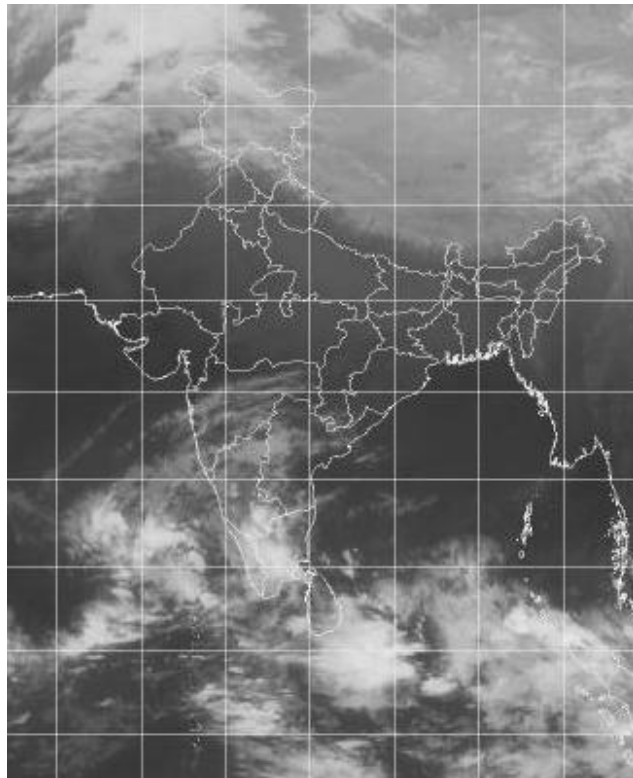
An another western disturbance as an upper air system lay over north Pakistan & adjoining Jammu & Kashmir on 18th, over Jammu & Kashmir and neighbourhood on 19th.

Outlook for the Week Ending On December 26th 2007

Scattered to fairly widespread rain/thundershowers with isolated heavy falls is likely over extreme south peninsula during first half of the week.

The minimum temperatures are likely to remain below normal by 2-4°C over plains of northwest & East India and adjoining central India.

Isolated to scattered rain/snow is likely over some parts of Western Himalayan Region during second half of the week.



SATELLITE PICTURE OF MONSOON PROGRESS (22.12.07)

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX January Contract

Technically, guar futures are showing some firmness. MACD is running upwards in negative region, which shows decreasing bearish momentum. RSI and stochastic are both heading upwards in normal region.

Market Outlook:

Buy on dips



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX January Contract

Technically, guar gum futures are showing some firmness. MACD is running upwards in negative region, which shows decreasing bearish momentum. Stochastic is heading upwards in normal region.

Market Outlook:

Buy on dips



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