

GUAR SEED & GUAR GUM

Nov 26 - Dec 01, 2007

MAJOR ACTIVITY HIGHLIGHTS

- **Guar Futures: Witnessed Firm ness**
- **Spot Market Witnessed Steady to Slightly Firm Sentiment**

MARKET COMMENTARY OF MAJOR MARKETS

Guar Spot Market

Guar traded mostly firm during the week before showing slight weakness towards the end of the week as the fluctuating arrivals remained the main driving force. Decline in arrivals and slight weakness in rupee during initial part of the week boosted the prices, however the prices again dipped towards the end of the week on increased arrivals. The guar market is lacking vigour at this stage, as exports are sluggish on strong rupee. As a large chunk of domestic production is exported to the overseas markets, export demand is a key driving force for domestic price of guar. However, continued firmness in rupee this year is deterring exporters due to reduced margins. Meanwhile, the Union commerce and trade ministry has received reports from EU on contamination issue, which asks for a separation of food grade and industrial grade guar gum during manufacturing and processing. The ministry has to reply to EU after which the final report will come. A three-member EU team visited guar gum facilities in early October, after 16 of the 27 EU members recalled products containing guar gum on finding traces of dioxin, a carcinogenic chemical. The market is waiting for the clear signals from the final report. Further, with the production expected around previous year's levels of 0.75 million tones, sluggish export in conjunction with cautious buying by stockists is easing the domestic supply conditions, which in turn is keeping the prices on the softer side. The prices are expected to remain range bound in a short run until the export demand rekindles or arrivals start declining.

Guar Futures Market

Guar futures traded mostly firm during the period as buying emerged at lower levels looking at slight hint of firmness in spot markets. The January futures at MCX traded firm in the range of Rs 1622.50-1687/mtl during the week. Guar futures for January delivery at NCDEX surged to the highs of Rs 1747/mtl on Thursday on continued buying interest. The prices however declined on Friday to close at Rs 1710/mtl. Volume and open interest both inched higher during the period.

Spot Market Prices of Guar in Main Markets of Rajasthan

(Prices in Rs/mt)

Dates	Bikaner	Jodhpur	Guar Gum
01.12.07	1575	1690	4250

Guar Seed Futures Prices at NCDEX

Dates	Dec-Contr1703act		Jan-Contract		March-	
	Open1701	Close	Open	Close	Open	Close
26.11.07	1629	1650	1670	1696	1744	1776
27.11.07	1646	1646	1695	1691	1772	1769
28.11.07	1648	1681	1693	1731	1772	1812
29.11.07	1681	1691	1732	1742	1816	1831
30.11.07	1686	1663	1738	1711	1826	1798
01.12.07	1659	1666	1710	1712	1795	1802

Guar Gum Futures Prices at NCDEX

Dates	Dec-Contract		Jan-Contract		Mar-Contract	
	Open	Close	Open	Close	Open	Close
26.11.07	4090	4152	4185	4256	4370	4395
27.11.07	4160	4156	4242	4255	4390	4408
28.11.07	4170	4227	4259	4332	4425	4511
29.11.07	4240	4252	4321	4355	4500	4524
30.11.07	4250	4212	4335	4292	4482	4489
01.12.07	4180	4187	4270	4298	4450	4472

PRICE DRIVERS:

- The market awaits EU's final report
- Export demand sluggish
- Stockists buying cautiously
- Quality of seeds in western Rajasthan is good
- Strong rupee is hurting the margins of exporters
- Healthy supplies of guar seed
- Lower production expected in Pakistan
- Lower availability of quality seeds

OUTLOOK:

Short Term (1 Week): Steady to slightly firm on healthy supplies and expected improvement in demand

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

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

METEOROLOGICAL ANALYSIS (24.11.07)

Weak easterly waves sometimes embedded with cyclonic circulations at lower tropospheric levels passed through Andaman & Nicobar Islands, Southwest Bay of Bengal, extreme south peninsula and southeast Arabian Sea during the week.

Last week's upper air cyclonic circulation over southwest Bay of Bengal and adjoining Commorin area and neighbourhood persisted on 22nd November in the lower tropospheric levels and moved away westwards thereafter.

An upper air trough extended from Nagaland & Manipur to Sub-Himalayan West Bengal & Sikkim between 0.9 and 1.5 Km above mean sea level during 25th to 28th .An upper air cyclonic circulation between 1.5 to 3.1 km a.s.l. lay over southeast Arabian Sea and neighbourhood during 15th to 18th and became less marked thereafter.

Outlook for the Week Ending On December 05th 2007

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX January Contract

Technically, guar futures are looking positive. Prices closed above the 9-day as well as 18-day EMA, suggesting firmness in the market. MACD is running upward in negative region, which shows decreasing bearish momentum. Overbought levels of stochastic however warrant caution to bulls.

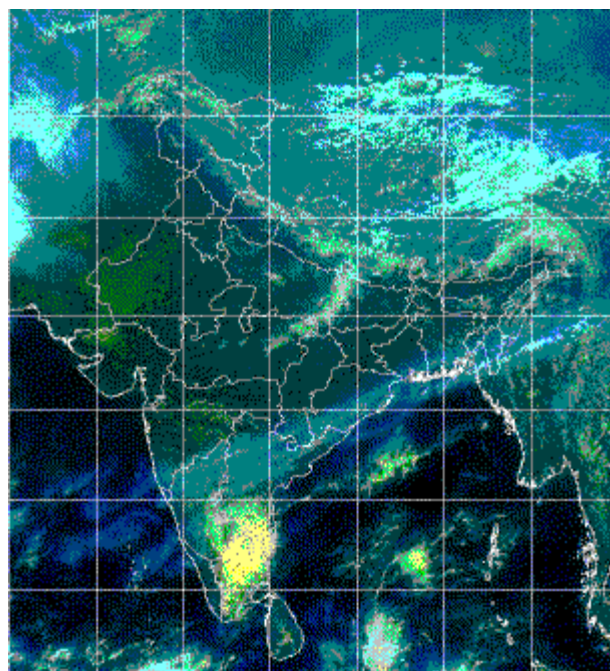
Market Outlook:

Buy on dips

Under the influence of western disturbance, isolated to scattered precipitation is likely over western Himalayan Region and adjoining northern plains during the first half of the week.

Increase in rainfall activity over extreme south peninsula.

Fog condition is likely over plains of northwest India during second half of the week.



SATELLITE PICTURE OF MONSOON PROGRESS (01.12.07)



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX January Contract

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firmness in the market. MACD is running upward in negative region, which shows decreasing bearish momentum. Overbought levels of stochastic however warrant caution to bulls.

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