

GUAR SEED & GUAR GUM

Dec 03-08, 2007

MAJOR ACTIVITY HIGHLIGHTS

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

MARKET COMMENTARY OF MAJOR MARKETS

Guar Spot Market

Guar tumbled during the week starting December 3 as lack of vigor on export front and continued healthy supply in the market pressured the prices. The guar prices are ruling weak this year as compared to the last year despite steady production and some shortage of quality seeds, as exporters are not buying aggressively, thanks to strong rupee, which is hurting the margins of exporters. EU's quality issue has also added some bearishness in the guar market this season. The market is keenly waiting for final report from EU. Healthy supplies in domestic markets are also not letting the prices to move on the higher side especially when the major buyers (exporters) are not showing much interest. Farmers too seem are not keen in holding their produce, which is ensuring continued healthy supplies. Harvest in northern Rajasthan and Haryana is over, whereas western Rajasthan has still some standing crop in its fields. According to trade sources, the arrivals might start shrinking gradually in coming weeks, which in turn might support the prices. The off season prospects are still bright with the production in Pakistan on lower side and availability of quality seeds in India is also poor as compared to the last year. Even if we consider almost 11.7% stronger rupee as compared to last year, some healthy premiums are likely to be added to the current prices in the forthcoming off-season. 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 recouped some of the initial losses towards the end of the week on buying support at lower levels. The January futures at MCX traded firm in the range of Rs 1640-1700/qrtl during the week. Guar futures for January delivery at NCDEX surged to the highs of Rs 1762/qrtl on Monday, however the prices couldn't sustain higher levels and slipped down to see the lows of Rs 1662 per quintal before finally closing the week at Rs 1690 per quintal. Volume and open interest both declined during the period.

(Prices in Rs/qrt)

Dates	Bikaner	Jodhpur	Guar Gum
08.12.07	1580-1585	1690	4225

Guar Seed Futures Prices at NCDEX

Dates	Dec-Contr1703act		Jan-Contract		March-	
	Open1701	Close	Open	Close	Open	Close
03.12.07	1662	1657	1706	1704	1795	1789
04.12.07	1651	1648	1697	1693	1782	1779
05.12.07	1650	1647	1695	1693	1781	1775
06.12.07	1645	1624	1691	1667	1768	1747
07.12.07	1620	1629	1668	1764	1746	1754
08.12.07	1626	1643	1674	1691	1756	1773

Guar Gum Futures Prices at NCDEX

Dates	Dec-Contract		Jan-Contract		Mar-Contract	
	Open	Close	Open	Close	Open	Close
03.12.07	4192	4209	4245	4285	4460	4479
04.12.07	4181	4172	4285	4275	4450	4438
05.12.07	4190	4177	4270	4265	4450	4445
06.12.07	4172	4149	4266	4212	4445	4386
07.12.07	4111	4145	4214	4228	4375	4395
08.12.07	4115	4147	4235	4243	4400	4409

Spot Market Prices of Guar in Main Markets of Rajasthan

PRICE DRIVERS:

- Consistent healthy supplies
- The market awaits EU's final report
- Export demand sluggish
- Stockists buying cautiously
- Harvest is in progress in western Rajasthan
- Strong rupee is hurting the margins of exporters
- Lower production expected in Pakistan
- Lower availability of quality seeds

OUTLOOK:

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

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

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

METEOROLOGICAL ANALYSIS (08.12.07)

Last week's upper air trough extending from Nagaland & Manipur to Sub-Himalayan West Bengal & Sikkim in the lower tropospheric levels persisted on 29th November and became less marked on 30th.

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

A western disturbance as an upper air system lay over north Pakistan & neighbourhood on 29th, over Jammu & Kashmir & neighbourhood during 30th November to 2nd December and moved away eastward thereafter.

Upper air cyclonic circulations in lower tropospheric levels lay over north Pakistan & neighbourhood on 4th and over Jammu & Kashmir and neighbourhood on 5th December.

Upper air cyclonic circulations in lower tropospheric levels lay over Assam & neighbourhood during 30th November to 3rd December and moved away eastwards on 4th thereafter.

Outlook for the Week Ending On December 12th 2007

TECHNICAL ANALYSIS

Commodity: Guar Seed

Perspective: Very Short Term (Weekly)

NCDEX January Contract

Technically, guar futures are showing some recovery, however the long-term trend is still bearish. MACD is slowly rung upward in negative region, which shows decreasing bearish momentum. Oversold levels of stochastic however warrant caution to bears.

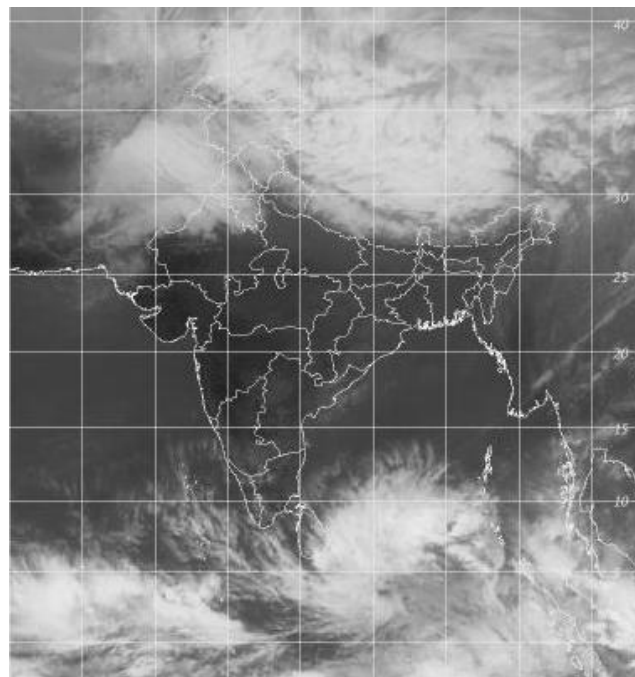
Market Outlook:

Sell on recovery towards 1729

Isolated to scattered rain/thundershowers are likely over extreme south peninsula.

Under the influence two western disturbances, isolated to scattered precipitation is likely over western Himalayan Region and adjoining northern plains during the week.

No significant change in night temperatures during first half of the week and rise in night temperatures by 2-3°C during second half of the week is likely over plains of northwest & adjoining central India.



SATELLITE PICTURE OF MONSOON PROGRESS (08.13.07)



TECHNICAL ANALYSIS

Commodity: Guar Gum

Perspective: Very Short Term (Weekly)

NCDEX January Contract

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Market Outlook:

Sell on recovery



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