

## Highlight of the Month:

- Guar prices ended lower this month (August 2011) due to reports of higher area sown in Rajasthan.
- However stocks remained lower and was reported around 15 lakh bags.
- Sown area under Rajasthan as on August 28<sup>th</sup> 2011 is down by around 2.5 lakh hectares to 27.57 lakh hectares as compared to 30 lakh hectares last year.

## Market Dynamics:

Prices moved lower in the month of July due to anticipations of higher area. Trade sources have started to say that this year production is expected to be higher this year and may even reach 2 crore bags.

However shortage of stocks is expected to continue in the markets. The table below shows the prices comparison of guar gum split and powder:

Commodity	Variety	30th Aug, 2011 (\$/MT)	30 <sup>th</sup> Jul, 2011 (\$/MT)	Change
Guargum Split		3500	3375	125
Guargum Powder	200 Mesh 5000 CPS	4100	4000	100
	200 Mesh 3500 CPS	4050	3975	75

\*prices in USD/MT and FOB Mundra Port

Weak demand for the by-products pulled the prices lower for Korma and Churi prices. Prices declined by 7.5% and 4.7% respectively compared to the previous month.

Commodity	30 <sup>th</sup> Aug, 2011 (Rs/Qtl)	30 <sup>th</sup> Jul, 2011 (Rs/Qtl)	Change
Churi	666	720	-54
Korma	826	867	-41

## Crop Progress and Weather

Meanwhile, as per the data received from state agriculture department, sown area under guar seed as on August 28<sup>th</sup> 2011 is down by around 2.5 lakh hectares to 27.57 lakh hectares as compared to 30 lakh hectares last year. Area has surpassed the governments set target of 27 lakh hectares. According to state agriculture department, Haryana country's second-largest producer of guar, area has come down by 21.8% primarily because of scanty rainfall and an increase in the area under cotton cultivation due to higher remunerative prices for cotton last season.

State	Kharif 2010 Area Sown	Area Sown By this Period Last Year	Kharif 2011		
			Target	Area Sown Till Date	% Target Area Achieved
Rajasthan	30	30	27	27.578	102
Haryana	2.56	2.75	3.50	2.15	72
Area in Lakh Hectares, Source: Rajasthan krishi					

## Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
Guar Seed		30-08-2011	30-07-2011	
	Jodhpur (Delivery)	4600	4700	-100
	Jodhpur (Loose)	4100	4300	-200
	Bikaner	4230	4450	-220
	Nokha	4200	4300	-100
	Hanumangarh	4450	4600	-150
	Sri-Ganganagar	-	-	-
	Adampur	4430	4450	-20
	Sirsa	-	-	-
	Bhiwani	4400	4550	-150
	Deesa	4070-4075	4080	-5
	Nagaur	-	-	-
	Dhabwali	4400	4550	-150
Guar Gum	Jodhpur	14150-14200	14500	-300
	Bhiwani	14000	14700	-700
	Dhabwali	14300	14500	-200

\*Arrivals in bags & prices in Rs. /Quintal

**Guar Arrivals in Key Centers**

Commodity	Centre	Prices (Rs/Qtl)		Change
<b>Guar Seed</b>		30-08-2011	30-07-2011	
	Jodhpur (Delivery)	-	-	-
	Jodhpur (Loose)	Nil	8000-10000	-
	Bikaner	50-100	300	-200
	Nokha	400-500	500-700	-200
	Hanumangarh	-	-	-
	Sri-Ganganagar	-	-	-
	Adampur	600	1500	-900
	Sirsa	-	-	-
	Bhiwani	-	-	-
	Deesa	150	180-200	-50
	Nagaur	-	-	-
	Dhabwali	-	-	-

## Spot Market Technical Analysis of Guar seed & Guar gum

As evident from the guar seed monthly chart, the trend remains up and intact. Prices are well above the short term EMAs (9 and 18 days) which supports firm market. Oscillator RSI remains in the overbought territory which hints for a possible weakness in prices. Immediate good support is at 4145 level and resistance at 4800 level. Guar seed prices in the coming Month are expected to remain in the range of 4000-4500.



**Fig-1 – Guar Seed Monthly Spot Prices (Jodhpur) Technical Analysis**

As evident from the guar seed monthly chart, the trend remains up and intact. Prices are well above the short term EMAs (9 and 18 days) which supports firm market. Oscillator RSI remains in the overbought territory which hints for a possible weakness in prices. Immediate good support is at 12886 level and resistance at 15400 levels. Guar gum prices in the coming Month are expected to remain in the range of 13000-14500.



**Fig-2 – Guar Gum Monthly Spot Prices (Jodhpur) Technical Analysis**

## Futures Market Technical Analysis:

### Technical Commentary Guar Seed (NCDEX August Contract):

- As depicts in the chart, overall guar seed prices trend remains up and prices are above the short term EMAs (9 and 18 day) which hints for firm market.
- According to the trend line drawn, immediate support is at 4089 and breaching this level would take the prices down to 3500 levels. Immediate resistance is at 4628 and breaching this level would take prices to 5000 levels.

- RSI is moving down in the neutral region and hint for possible weakness in prices in coming days.
- Market indicators MACD is moving up in positive zone, indicates the bullish sentiment in the market.



#### Technical Commentary Guar Gum (NCDEX August Contract):

- As depicts in the chart, overall guar seed prices trend remains up and prices are above the short term EMAs (9 and 18 day) which hints for firm market.

- According to the trend line drawn, immediate support is at 13295 and breaching this level would take the prices down to 12000 levels. Immediate resistance is at 15200 and breaching this level would take prices to 16000 levels.
- RSI is moving down in the neutral region and hint for possible weakness in prices in coming days.



**Strategy:** Sell on rallies near resistance levels.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	Sept	12878	13448	14190	15330	15701
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	Sept	<b>SELL</b>	14490- 14520	14040	13940	14810

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