

Domestic Market Recap:

Guar markets finished higher this week ending July 6th on higher demand from exporter following good overseas demand for Guar gum from U.S, China, European countries etc. Guar gum exports from India are expected to be at record high in the current year amid robust overseas demand.

The average daily arrivals were reported at 9,000 (1 bag = 100Kg) bags as compared to 9,500 bags in the same period last week. In Jodhpur cash market the average guar seed and guar gum prices during the period rose to Rs.3,900 and Rs.11,741 per quintal respectively as against last year's Rs.2,390 and Rs.5,187 per quintal.

Current Market Dynamics & Outlook

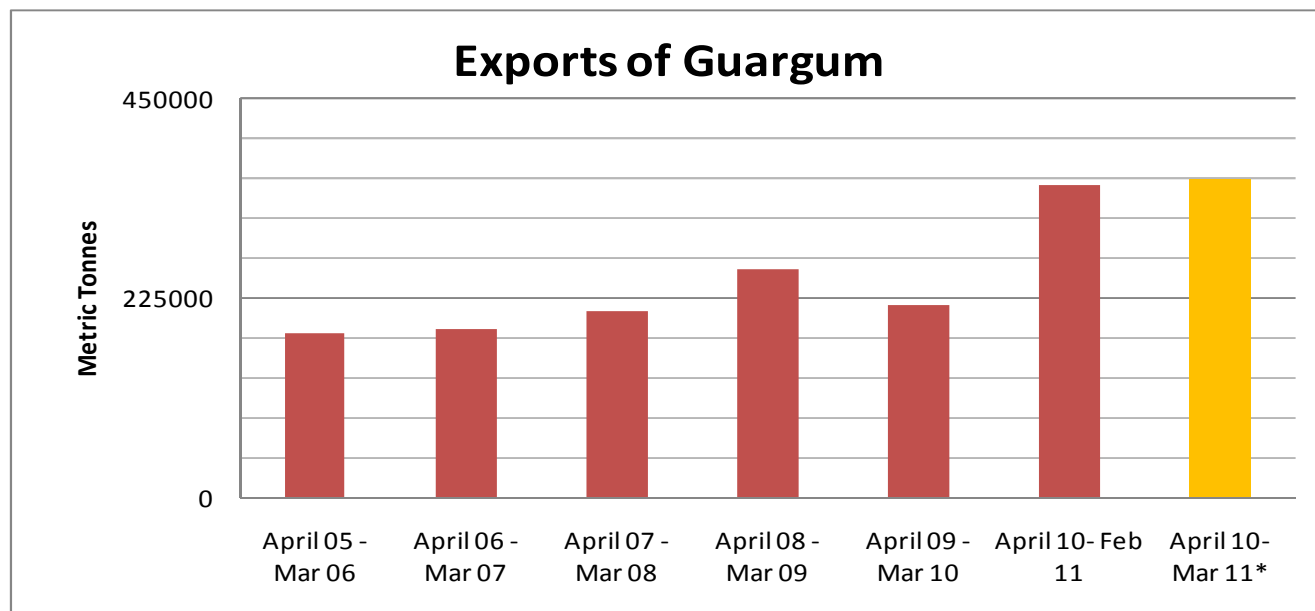
Markets remained firm supported by demand from exporters and lower carry-out stock of guar for 2011-12 season. As per the trade sources, guar seed stocks lying with traders/stockists are below 15 lakh bags which is a record low in the past 10-12 years. Normally around 20-25 lakh bag stocks remains in the markets.

Reportedly, demand from big guar gum manufacturers remains good in the markets which are supporting the sentiment. Meanwhile, sources added that prices may ease to some extent in coming days on demand compression at higher price level.

In tandem with increasing guar seed prices in the markets, by-product (Churi and Korma) prices also increased during the period. Meanwhile, guar gum exports during April 2010 to February 2011 were up by 83% to 352,911 tons as compared to last year. The chart below shows the Y-o-Y basis guar gum exports from India –

Guargum Exports

According to APEDA, Guargum exports have risen to 352,911 MT during the April-February 2011 period higher by 83% during the same period last year.



Source: APEDA, *- AW Research

As per latest report, Guar gum exports during April' 2010 - February 2011 stood at 352,911 tonnes as compared to 216,195 tonnes same period last year. AW research had projected the total exports to be 360,000 tonnes as indicated by the yellow bar in the chart. Total exports for the fiscal April 10-Mar 11 was slightly lower compared to the AW projection. However, we believe that exports are going to remain higher for the fiscal year April 11 – March 12 at 411,000 tonnes (AW Estimate) against last year's 216,195 tonnes.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		07-07-2011	29-06-2011	
Guar Seed				
	Jodhpur (Delivery)	4000	3800	200
	Jodhpur (Loose)	3600	3600	Unch
	Bikaner	3740	3560	180
	Nokha	3745	3575	170
	Hanumangarh	3740	3590	150
	Sri-Ganganagar	-	-	-
	Adampur	3920	-	-
	Sirsa	-	-	-
	Bhiwani	3900	3580	320
	Deesa	3135-3145	-	-
	Nagaur	-	-	-
	Dhabwali	3680	3550	130
Guar Gum	Jodhpur	11950	11300	650
	Bhiwani	11950	12200	-250
	Dhabwali	12000	11500	500

* Prices in Rs. /Quintal

Guar by – Products Prices:

Commodity	Centre	Price (Rs/Qtl)	
		07-07-11	29-06-11
Churi	Jodhpur	733	680
Korma	Jodhpur	867	834

Guar Export Prices:

Commodity	Variety	Value (\$/MT)	
		07-07-11	29-06-11
Guargum Split		2700	2700
Guargum Powder	200 Mesh 5000 CPS	3600	3600
	200 Mesh 3500 CPS	3550	3500
Guargum Meal		280	280

Crop Progress and Monsoon Watch

According to the latest report of Rajasthan state agriculture department, Guarseed acreage as on July 5th is 1,012,500 Ha as compared to 91,900 Ha during corresponding period last year. Significantly higher guar seed prices in the markets and lower rains (guar being a rainfed crop requires very less water compared to other crops) mainly attributed to the increase in sown area under guar seed. Pre-monsoon rains over the NW region also supported the sowing activity. It also added that last year's sown area was down by this point to time as good rains last year motivated farmers to switch to other lucrative crops like pulses and oilseeds.

Meanwhile, the set target by the state agriculture department for this Kharif 2011 is 2,700,000 Ha which is down by last year's sown area of 3,000,000 Ha. If the rainfall activity over the NW India particularly over Rajasthan continues to be subdued than guar seed area may touch the last year's level or may exceed to some extent.

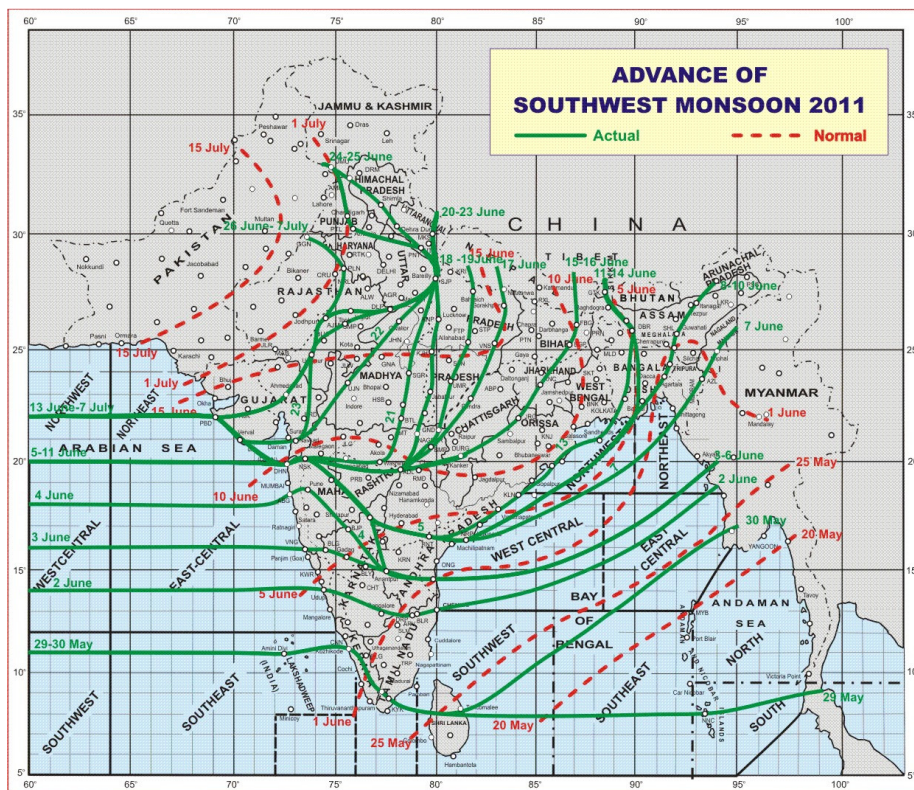
The following table shows the percentage departure of rainfall over the key growing districts of Rajasthan-

Rajasthan Districts	% Departure as on 06-07-2011	Legend
Alwar	-65	Scanty
Barmer	-99	Scanty
Bikaner	-90	Scanty
Churu	76	Excess
SriGanganagar	-82	Scanty
Hanumangarh	-56	Deficit
Jaisalmer	-100	No Rain
Jodhpur	-54%	Deficit
Nagaur	-60	Scanty
Sikar	10	Normal
Jhunjhunu	-20	Deficit
Jalore	-92	Scanty
Pali	-96	Scanty

Source: IMD

Monsoon Watch for Coming Week (09- 15 July)

According to IMD, weak monsoon conditions may prevail over the country. Fairly widespread rainfall may occur over northeast and adjoining east India. Scattered rainfall activity is likely over remaining parts of the country.



Source: IMD

Spot Market Technical Analysis of Guar seed & Guar gum

Guar seed Jodhpur(NCGUA)2011/07/03 - Weekly B:3778.00 A:3779.00
O 3815.35 H 3815.35 L 3754.45 C 3790.00 O
EMA(9) 3439.7 (18) 3218.4



As shown from the weekly chart, guar seed prices are moving up. Prices are well above the short term EMAs (9 and 18 days) which supports the bullish sentiments in the market. MACD is also moving up in positive zone indicating bullish sentiments in the market. Immediate good support is at 3600 level and resistance at 3815 level. Guar seed prices for the coming week are expected to remain in the range of 3600-3800.

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



As depicted in chart overall trend remains up and intact. Prices are well above the short term EMAs (9 and 18 days) which supports for a firm market. Momentum indicator MACD also indicate for a firm market ahead. Oscillator RSI remains in the overbought territory which hints for a possible weakness in prices. Immediate good support is at 11500 level and resistance at 12200 levels. Guar gum prices expected to remain range bound with slight firmness in coming week.

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

Futures Market Technical Analysis:

Technical Commentary: (Guarseed)

- As evident from the chart, overall guar seed prices trend remains up and prices are well above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.
- RSI is moving up in the overbought region which hints for possible weakness in prices in coming days.
- Stochastic oscillator is moving up in the neutral region support the uptrend.
- Immediate good support can be seen at 3729 level and resistance at 3646 level.

GUAR SEED



Strategy: Buy on dips near support level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	July	3579	3646	3790	3800	3860
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	July	BUY	3650- 3655	3800	3850	3514

Technical Commentary: (Guargum)

- From the chart we can see that Guar gum prices are moving up and overall the trend remains firm.
- Prices are well above the short term EMAs (9 and 18 day) which supports the bullish trend in the futures market.
- RSI is moving up in overbought region which hint for possible weakness in prices in coming days.
- Stochastic oscillator is moving up in the neutral region support the uptrend.
- Immediate good support can be seen at 11829 level and resistance at 12469 level.

GUAR GUM



Strategy: Buy on dips near support level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	July	11410	11616	12000	12100	12300

Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	July	BUY	11600- 11610	12050	12100	11335

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