

Domestic Market Recap:

Guar physical markets remained higher this week on firm export demand for Guargum from U.S, China, European countries etc. Lower carry-out stocks for 2011-12 season at 30 lakh bags also supported the uptrend.

The average daily arrivals were reported at 7,000 (1 bag = 100Kg) bags as compared to 9,000 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.4,020 and Rs.12,060 per quintal respectively as against last year's Rs.2,443 and Rs.5,300 per quintal.

Current Market Dynamics & Outlook

Market sentiments remained firm on lower acreage estimates for 2011-12. Stockists continue to offload stocks in the markets in anticipation of better returns. Demand for Churi and Korma and gum in the international spot markets remained firm. On the other hand, China raised its interest rates and this may slow down the demand from the country.

Market sentiments remained firm on lower acreage estimates at 27 lakh hectares for 2011-12 compared to 30 lakh hectares in 2010-11. However, according to the state officials acreage remains higher at 1089.5 ('000 HA) as on 08th July 2011 compared to 248.6 ('000 HA) as on 08th July 2010. Domestic demand for gum remained higher and major millers continue to export Guar gum. However further increase of acreage would depend on the rainfall activities in major sowing belt of Rajasthan.

Sentiments also remained firm on shortage of stocks in the markets. Carry-out stocks of about 30 lakh bags remain with stockists and millers of both Guarseed and Guargum which may not be enough. Domestic and export demand for gum remained higher and major millers continue to buy and export Guar gum.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		14-07-2011	07-07-2011	
Guar Seed				
	Jodhpur (Delivery)	4150	4000	150
	Jodhpur (Loose)	3750	3600	150
	Bikaner	3950	3740	210
	Nokha	4000	3745	255
	Hanumangarh	3875	3740	135

	Sri-Ganganagar	-	-	-
	Adampur	4150	3920	230
	Sirsa	-	-	-
	Bhiwani	4070	3900	170
	Deesa	3530-3560	3135-3145	415
	Nagaur	-	-	-
	Dhabwali	4000	3680	320
Guar Gum	Jodhpur	12650	11950	700
	Bhiwani	12750	11950	800
	Dhabwali	12750	12000	750

Guar by – Products Prices:

Commodity	Centre	Price (Rs/Qtl)	
		14-07-11	07-07-11
Churi	Jodhpur	680	733
Korma	Jodhpur	833	867

Guar Export Prices:

Commodity	Variety	Value (\$/MT)	
		14-07-11	07-07-11
Guargum Split		2950	2700
Guargum Powder	200 Mesh 5000 CPS	3750	3600
	200 Mesh 3500 CPS	3700	3550
Guargum Meal		280	280

Crop Progress and Monsoon Watch

According to the latest report of Rajasthan state agriculture department, Guarseed acreage as on July 12th 2011 is 1,096,800 Ha as compared to 410,000 Ha during corresponding period last year. Pre-monsoon showers in June coupled with higher guar seed prices in the markets mainly attributed to the increase in sown area under guar seed. Last year area was lower as higher rains last year prompted farmers to sow other crops like Groundnut, Moong and Moth Dal. State official added that last year monsoon did arrive in time in Rajasthan which prompted farmers to sow Groundnut, Bajra, Moong and Moth Dal. This year rains are delayed in the state and the time for sowing Groundnut, Bajra, Moong and Moth Dal has passed and farmers will now sow Guarseed.

So the set target by the state agriculture department for this Kharif 2011 is 2,700,000 Ha will be achieved even if small amounts of rains are seen in the growing belt. The crop progress has been shown below,

Kharif 2010 Area Sown	Area Sown By this Period Last Year	Kharif 2011		
		Target	Area Sown Till Date	% Target Area Achieved
3000.0	410.0	2700.0	1096.8	41
Area in '000 HA				

Source: Rajasthan krishi

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

Rajasthan Districts	% Departure as on 13-07-2011	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 (16- 23 July)

According to IMD, weak monsoon conditions may prevail over the northern belt of the country. Scattered rainfall activity is likely over northwest India during next 24 hours.

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. Oscillator RSI remains in the overbought territory which hints for a possible weakness in prices. Immediate good support is at 3600 level and resistance at 3940 level. Guar seed prices expected to remain range bound with slight firmness in coming week.



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 11750 level and resistance at 12700 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 3900 level and resistance at 4160 level.

GUAR SEED



Strategy: Buy on dips near support level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	August	3725	3786	3976	4098	4193
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	August	BUY	3895- 3900	4050	4075	3805

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 12400 level and resistance at 13200 level.

GUAR GUM



Strategy: Buy on dips near support level.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	August	11395	11653	12472	13090	13402
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	August	BUY	12350- 12355	13005	13050	12000

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