

Domestic Market Recap:

- Guar prices ended lower in major cash markets during the week ending August 4th amid liquidation of stocks by stockists at higher price level against mild demand.
- In Jodhpur market the average guar seed and guar gum prices during the period, declined to Rs.4,735 and Rs.14,423 per quintal respectively as against last week's Rs.4,816 and Rs.14,567 per quintal.
- Declining stocks at NCDEX limiting the downside to some extent. NCDEX stock as on August 01st stood at 94,588 MT as compared to last week's stocks at 96,458 MT.
- Sources revealed that regular export demand may continue to push prices higher.
- According to Rajasthan state agriculture department, sown area under guar as of August 02nd down by 31.34% to 17.019 lakh hectares as compared to 24.79 lakh hectares during corresponding period last year.

Current Market Dynamics

Weak domestic demand and offloading of stocks by stockists/traders at higher price level are weighing on prices. However, reportedly depleting stocks in the physical as well as in exchange (NCDEX) warehouses restricting the downtrend in prices besides regular export demand for guar gum. So far lower area coverage under guar in the key producing state Rajasthan further limiting the downtrend.

Meanwhile, sources revealed the total ending stocks would be much lower at around 80,000-90,000 tonnes, as compared to last year's around 200,000-225,000 tonnes.

Total carry-out stocks for this year were quoted close to 15-17 lakh bags which include the NCDEX warehouse stocks. Prices were also supported at lows as crop progress was behind this week compared to corresponding week last year.

Traders and farmers said that the crop is still its sowing stage and sowing will continue till the 2nd week of August and may require rains in the next couple of weeks to help with the sowing activity.

Crop Progress & Weather

As per the latest data received from the state agriculture department of Rajasthan the sown area under guar crop is lagging behind as compared to last year as the area is shifted towards Moong, Moth and Cotton crop cultivation due to normal rains over the state and higher return last season to farmers.

The following table shows the sowing progress of Rajasthan as of August 02nd, 2011 –

State	Kharif 2010 Area Sown	Area Sown By this Period Last Year	Kharif 2011		
			Target	Area Sown by Aug. 2 nd , 2011	% Change from Same Period Last year
Rajasthan	30	24.79	27	17.02	-31.34
Area in Lakh Hectares					

According to the sources, sowing of the commodity will extend upto 1st half of August but looking at the current pace of sowing, it looks that area under guar crop may remain lower than last year's total sown area of 30 lakh hectares as well as from the targeted area of 27 lakh hectares by state agriculture department of Rajasthan.

Currently crop is in vegetative to germination stage in Rajasthan with no reports of pest and disease in the crop.

Monsoon Watch:

According to IMD, cumulative rainfall for the country as a whole, during this year's monsoon has so far upto 29th July has been 4% below the LPA (Long Period Average). Despite the key guar growing state Rajasthan is received normal rains due to which guar area shifted towards other crops. The following table shows the week-on-week basis progress of monsoon over east and west Rajasthan –

Met. Subdivision	Season Ending on								
	01-Jun	08-Jun	15-Jun	22-Jun	29-Jun	06-Jul	13-Jul	20-Jul	27-Jul
West Rajasthan									
East Rajasthan									
Legend	No rains	Excess	Normal	Deficit	Scanty				

Forecast for the coming week (August 06th-12th):

According to IMD, active monsoon conditions not likely over the country. However, due to shifting of monsoon trough to its near normal position, fairly widespread rainfall activity may occur over central, east & northeast India. Scattered rain/thundershowers may occur over northwest and south Peninsula.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
Guar Seed		03-08-11	28-07-11	
	Jodhpur (Delivery)	4725-4730	4950	-220
	Jodhpur (Loose)	4350	4500	-150
	Bikaner (Delivery)	4400	4800	-400
	Bikaner (Loose)	4250	4650-4675	-425
	Nokha	4275	4575	-300
	Hanumangarh	4500	4945	-445
	Sri-Ganganagar	-	-	-
	Adampur	4505-4510	4940	-430
	Sirsa	-	-	-
	Bhiwani	4320	4950	-630
	Deesa	4080	4140	-60
	Nagaur	-	-	-
	Dhabwali	4500	4945	-445

Guar Gum	Jodhpur	14450	15050-15100	-650
	Bhiwani	14600	15200	-600
	Dhabwali	14550	15300	-750

Guar by – Products Prices:

Commodity	Centre	Price (Rs/Qtl)	
		03-08-11	28-07-11
Churi	Jodhpur	720	746
Korma	Jodhpur	867	906

Guar Export Prices:

Commodity	Variety	Value (\$/MT)	
		03-08-11	28-07-11
Guargum Split		3325	3425
Guargum Powder	200 Mesh 5000 CPS	3950	4050
	200 Mesh 3500 CPS	3925	4025
Guargum Meal		290	300

Spot Market Technical Analysis of Guar seed & Guar gum

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

As evident from the weekly chart, guar seed price trend is up. Prices are 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 4330 level and prices are holding just above the support level. Breaching the support level, prices may come down to next support at 4032 level. Immediate resistance can be seen at 4630 and then 4809 level.



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

As evident 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 13,966 levels. Breaching the support level, prices may come down to next support at 13,002 levels. Immediate resistance can be seen at 14,929 and then at 15,400 level.

Spot Outlook:

Both Guarseed and Guargum prices are expected to trade range bound with slight weakness due to demand compression at higher price levels and offloading of stocks by stockists. However, the expected weakness would be limited due to depleting stocks and so far lower sown area.

Exchange Technicals (NCDEX):

Technical Commentary: (Guarseed)

- As evident from the chart, overall guar seed futures prices trend remains up and prices are still above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.
- RSI is moving down in the neutral region and reveals a bearish sentiment in the market.
- MACD is moving up in the positive region and supports the uptrend.
- Immediate good support can be seen at 4150 level and resistance at 4450 level.

GUAR SEED


Strategy: Sell on rallies near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	August	3960	4115	4316	4475	4625
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	August	SELL	4350- 4355	4200	4150	4450

Technical Commentary: (Guargum)

- As evident from the chart, overall guar gum futures prices trend remains up and prices are still above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.
- RSI and stochastic oscillators are moving down in the neutral region and reveals a bearish sentiment in the market.
- Immediate good support can be seen at 14000 level and resistance at 14750 levels.

GUAR GUM


Strategy: Sell on rallies near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	September	13620	13960	14300	14830	15360
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	September	SELL	14500- 14510	14050	14000	14765

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