

# **Domestic Market Recap:**

- > Guar prices remained weak during the week ending August 11<sup>th</sup> due to dull demand at higher price levels.
- > Stockists and millers continue to offload stocks at higher price levels which is weighing on prices.
- > Sources reported that there were export orders with exporters which will be fulfilled by coming September end while there after export activity is likely to be subdued which may keep prices in check.
- > Recent decline in prices seems attractive to millers in view of export orders with exporters due to which some buying from millers also reported in the market during the period.
- ➤ Tight supply in the markets remains supportive for prices. As on 08<sup>th</sup> August 2010, NCDEX stocks are quoted lower at 89,694 MT compared to 94,588 MT on 02<sup>nd</sup> August 2010.
- Overall ending stocks are expected to remain below 15 lakh bags (1 bag=100 Kg) including the NCDEX stocks.
- In Jodhpur market the average guar seed and guar gum prices during the period, declined to Rs.4,435 and Rs.13,645 per quintal respectively as against last week's Rs.4,735 and Rs.14,423 per quintal.

### **Current Market Dynamics**

Weak domestic demand and concerns of exports slowing down from the U.S due to their meltdown and downgrading of credit rating brought down the markets this week. However, depleting stocks in the physical market as well as in exchange (NCDEX) warehouses and so far lower area coverage under Guar seed in the key producing state Rajasthan is restricting the downtrend in the markets.

NCDEX stocks as of 8<sup>th</sup> August 2011 stood at 89,694 MT compared to 94,588 MT on 2<sup>nd</sup> August 2011. Total carry-out stocks for this year were expected to remain below 15 lakh bags which include the NCDEX warehouse stocks.

### **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. However acreage has improved significantly compared to previous weeks due to better rainfall in the state.

The following table shows the sowing progress of Rajasthan as of August 09<sup>th</sup>, 2011 -

			Kharif 2011			
State	Kharif 2010 Area Sown	Area Sown By this Period Last Year	Target	Area Sown by Aug. 2 <sup>nd</sup> , 2011	Area Sown by Aug. 09 <sup>th</sup> , 2011	% Change from Same Period Last year
Rajasthan	30	26.36	27	17.02	20.324	-22.898
Area in Lakh Hectares, Source: Agriculture Department of Rajasthan						



According to the sources, sowing of the commodity will extend upto 3<sup>rd</sup> week of August and looking at the pace of sowing in Rajasthan currently, overall all this season sown area under guar may touch the governments set target of 27 lakh hectares.

Currently overall crop is in good shape with no outbreak of pest and disease in the crop and recent rains would further favours crops growth and yield.

#### **Monsoon Watch:**

According to IMD, cumulative rainfall for the country as a whole, during this year's monsoon has so far upto 03<sup>rd</sup> August has been 6% below the LPA (Long Period Average). However rains have been better in West and East Rajasthan. Rains have also been better in Haryana and Gujarat region. The following table shows the week-on-week basis progress of monsoon over east and west Rajasthan, Gujarat region and Haryana –

Met. Subdivision	Season Ending on								
iviet. Subdivision	08-Jun	15-Jun	22-Jun	29-Jun	06-Jul	13-Jul	20-Jul	27-Jul	03-Aug
West Rajasthan	-38%	-87%	-11%	23%	-72%	64%	-15%	-78%	55%
East Rajasthan	-76%	32%	12%	341%	-66%	6%	-2%	-29%	7%
Gujarat Region	-56%	-94%	-83%	-96%	-90%	57%	2%	-70%	-20%
Haryana	21%	-4%	-33%	108%	-11%	-27%	-65%	-72%	-57%
Legend	Excess	Normal	Defict	Scanty	No Rain				

# Forecast for the coming week (August 13<sup>th</sup>-20<sup>th</sup>):

According to IMD, widespread rain/thundershowers would be seen over Gujarat and South Rajasthan during next 24 hours. This will continue to support the sowing activities in both the states.

# **Guar Prices at Key Spot Markets**

Commodity	Centre	Prices	Prices (Rs/QtI)		
		10-08-11	03-08-11		
	Jodhpur (Delivery)	4300	4725-4730	-430	
	Jodhpur (Loose)	3950	4350	-400	
	Bikaner (Delivery)	4160	4400	-240	
	Bikaner (Loose)	4010	4250	-240	
	Nokha	4000	4275	-275	
Guar Seed	Hanumangarh	4125	4500	-375	
	Sri-Ganganagar	-	-	-	
	Adampur	4100	4505-4510	-410	
	Sirsa	-	-	-	
	Bhiwani	4100	4320	-220	
	Deesa	3840-3850	4080	-230	
	Nagaur	-	-	-	



	Dhabwali	4100	4500	-400
Guar Gum	Jodhpur	12500	14450	-1950
	Bhiwani	13000	14600	-1600
	Dhabwali	13000	14550	-1550

#### **Guar by – Products Prices:**

Commodity	Centre	Prid	Price (Rs/Qtl)		
Commodity		10-08-11	03-08-11		
Churi	Jodhpur	707	720		
Korma	Jodhpur	867	867		

# **Guar Export Prices:**

Commodity	Variabi	Value (\$/MT)			
Commodity	Variety	10-08-11	03-08-11		
Guargum Split		3075	3325		
Cuargum Dawdar	200 Mesh 5000 CPS	3870	3950		
Guargum Powder	200 Mesh 3500 CPS	3820	3925		
Guargum Meal		280	290		

# 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 is moving down in neutral zone indicating bearish sentiments in the market. Immediate good support is at 4000 level and prices are holding just above the support level.



Breaching the support level, prices may come down to next support at 3900 level. Immediate resistance can be seen at 4165 and then 4280 level.



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

As evident from the weekly chart, guar seed price trend is up. Prices are however slightly 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 is moving down in neutral zone indicating bearish sentiments in the market. Immediate good support is at 12,700 levels. Breaching the support level, prices may come down to next support at 12,450 levels. Immediate resistance can be seen at 13,400 and then at 13,850 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. However, the expected weakness would be limited due to depleting stocks and lower sown area under guar till date.

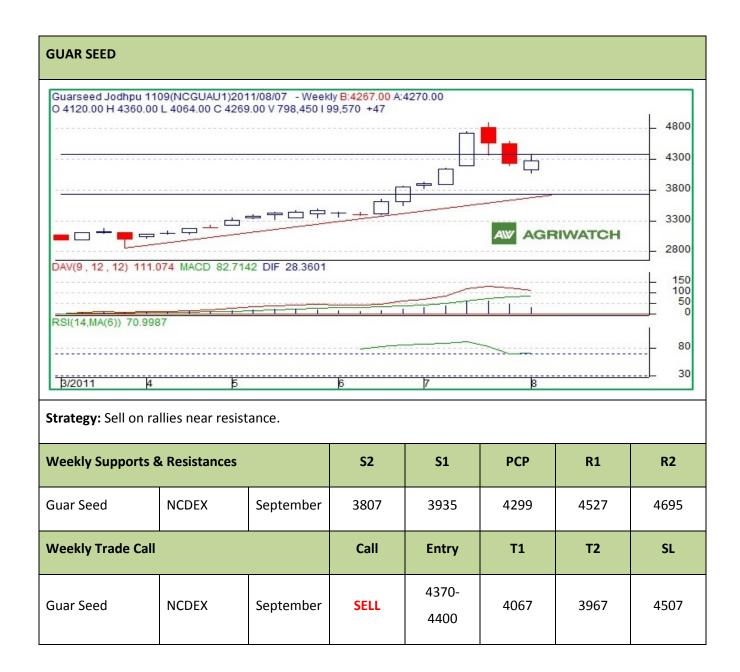
# **Exchange Technicals (NCDEX):**

### **Technical Commentary: (Guarseed)**

- As evident from the chart, overall guar seed futures prices trend remains up and prices and are still above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.
- RSI is moving in the overbought region and suggests weakness in the short-term.



- MACD is moving up in the positive region and supports the uptrend.
- According to the trend line shown immediate support is at 3900 level and resistance at 4480 level.

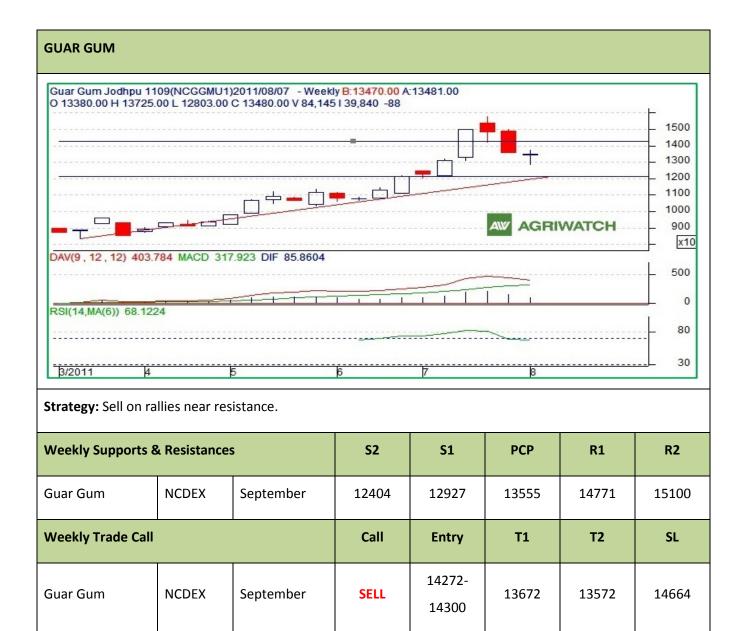


# **Technical Commentary: (Guargum)**

- As evident from the chart, overall guar gum futures prices trend remains up and prices and are still above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.
- RSI is flat in the neutral region and suggests sideways movement in the short-term.



- MACD is moving up in the positive region and supports the uptrend.
- According to the trend line shown immediate support is at 12,200 level and resistance at 15,150 level.



#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at http://www.agriwatch.com/Disclaimer.asp © 2005 Indian Agribusiness Systems Pvt Ltd.