

Domestic Market Recap:

- Guar prices remained firm during the week ending August 18th due to improved demand and tight supply following lower stocks.
- After the initial fall prices saw a rebound as traders started to buy at attractive lower levels considering lower stocks and lower acreage estimates for guar.
- Area under Guarseed is down by 15.572% to 23.986 lakh hectares as compared to 28.41 lakh hectares during corresponding period last year.
- As on 13th August 2010, NCDEX stocks are quoted lower at 88,871 MT compared to 89,694 MT on 08th August 2010.
- In Jodhpur market the average guar seed and guar gum prices during the period, were at Rs.4,408 and Rs.13,125 per quintal respectively as against last week's Rs.4,435 and Rs.13,645 per quintal.

Current Market Dynamics

Market sentiments remained firm as depleting stocks remained the primary concerns till fresh crop arrives in October. Lower sown area as on date in the key growing state Rajasthan further supported the sentiment. However, slow down in guar gum exports and consequently lower demand from millers/processors weighing on prices.

Meanwhile, speculation has begun that the current year's yield would be higher than last year's 515 Kg/hectares in key producing region Rajasthan which in turn result into higher crop output. The speculation is mainly on the back of so far the favourable climatic condition over the region. However, it is too early to predict the yield of the crop as the crop currently is in vegetative stage and weather during next 10-15 days would decide the actual yield of the crop.

Moreover, the sown area is down by over 4 lakh hectares and if we consider the crops yield in Rajasthan at previous year's level of 515 Kg/hectares then the overall production is expected to be at around 1.24 MMT which would be lower by around 0.31 MMT from last year's (2010) production in Rajasthan. So, to surpass the last year's production the yield should be over 650 Kg/hectare assuming if the current year's sown area remains at current reported level (23.986 lakh hectares).

Crop Progress & Condition

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, the acreage has improved significantly compared to previous week due to better sowing conditions.

The following table shows the sowing progress of Rajasthan as of August 16th, 2011 –

State	Kharif 2010 Area Sown	Area Sown By this Period Last Year	Kharif 2011			
			Target	Area Sown by Aug. 16 th , 2011	Area Sown by Aug. 12 th , 2011	% Change from Same Period Last year

Rajasthan	30	28.41	27	23.986	20.928	-15.572
Area in Lakh Hectares, Source: Agriculture Department of Rajasthan						

According to the sources, sowing is in its last stages in Rajasthan and currently there have been no reports of pests/diseases. According to the state agriculture department of Rajasthan, if there would be further wet condition over the growing regions of Rajasthan than there would be yield loss as high moisture condition may lead to higher vegetative growth and hinder flowering in the crops. So, in coming days clear weather is required for better yield.

Weather Watch (August 20th-26th):

According to IMD, monsoon activity may increase over central India and adjoining Andhra Pradesh and Maharashtra. However, rainfall would decrease over northwest and east India. Expected decrease in rainfall activity over northwest India may favour good crop yield.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
Guar Seed		17-08-11	10-08-11	
	Jodhpur (Delivery)	4450	4300	150
	Jodhpur (Loose)	4025-4030	3950	80
	Bikaner (Delivery)	4240	4160	230
	Bikaner (Loose)	4090	4010	70
	Nokha	3915	4000	-85
	Hanumangarh	4120-4125	4125	Unch
	Sri-Ganganagar		-	-
	Adampur	4250	4100	150
	Sirsa		-	-
	Bhiwani	4275	4100	175
	Deesa	4020-4025	3840-3850	175
	Nagaur		-	-
	Dhabwali	4150	4100	50
Guar Gum	Jodhpur	13250	12500	750
	Bhiwani	13600	13000	600
	Dhabwali	13600	13000	600

Guar by – Products Prices:

Commodity	Centre	Price (Rs/Qtl)	
		17-08-11	10-08-11
Churi	Jodhpur	707	707
Korma	Jodhpur	867	867

Guar Export Prices:

Commodity	Variety	Value (\$/MT)	
		17-08-11	10-08-11

Guargum Split		3075	3075
Guargum Powder	200 Mesh 5000 CPS	3870	3870
	200 Mesh 3500 CPS	3820	3820
Guargum Meal		280	280

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 flat in positive zone indicating bullish sentiments in the market. Oscillator RSI is flat in overbought zone indicating that markets could witness some profit booking in the near term. According to the trend line drawn from October 2010, support is at 3691 and we could see markets down to the mentioned support level. Immediate good support is at 4090 level and prices are holding just above the support level. Breaching the support level, prices may come down to next support at 4045 level. Immediate resistance can be seen at 4220 and then 4270 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 flat in overbought zone indicating that markets could witness some profit booking in the near term. According to the trend line drawn from October 2010, support is at 12,025 and we could see markets down to the mentioned support level. Immediate good support is at 13,234 and 13315 levels. Breaching the support level, prices may come down to next support at 13,092 levels. Immediate resistance can be seen at 13,538 and then at 13,680 levels.

Spot Outlook:

Both Guarseed and Guargum prices are expected to trade range bound with slight weakness due to weak demand 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 are still above the short term EMAs (9 and 18 day) which supports the bullish trend in the market.
- According to the trend line shown, firm support is at 3996 and firm resistance is at 4420 and breaching either level would give us further direction.

- RSI is flat the overbought region and suggests weakness in the short-term.
- MACD is moving up in the positive region and supports the uptrend.

GUAR SEED


Strategy: Sell on rallies near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	September	3945	4125	4333	4575	4770
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	September	SELL	4385- 4390	4135	4085	4542

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 is flat the overbought region and suggests weakness in the short-term.
- Stochastic Oscillator is moving down in the numeral region and supports the downtrend.
- According to the trend line shown immediate support is at 13,112 and resistance at 14,500.

GUAR GUM

Guar Gum Jodhpu 1110(NCGGMV1)2011/08/14 - Weekly B:13680.00 A:13729.00

O 14014.00 H 14014.00 L 13640.00 C 13680.00 V 3,855 I 32,945 -334

EMA(9) 13281 (18) 12310


Strategy: Sell on rallies near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	October	13000	13170	13680	14150	14290
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	October	SELL	13780-13785	13330	13280	14040

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.