Domestic Market Recap:

- Guar prices remained mixed as traders and stockists have started to speculate that production this year could be higher compared to last year.
- Traders are expecting a production of 2 crore bags which is going to higher compared to last year production at 1.4 crore bags.
- Export and domestic demand have dried up and may pull markets lower. On the other hand, trade sources feel that prices will only start moving down when fresh arrivals come in October-November.
- > However, area sown is still lagging behind by 4 lakh hectares compared to last year's area.
- Area under Guarseed as 23rd August 2011 is down by 13.067% to 26.08 lakh hectares as compared to 30 lakh hectares during corresponding period last year.
- Market uptrend is also supported by lower stock position in the physical and demat sector. As on August 22nd 2011, demat stock is at 88,672 MT compared to 88,871 MT as on August 13th 2011.
- 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 trend continue to be range bound to firm mainly on concerns of depleting stocks in the market. Lower area in Rajasthan and Haryana also remains a concern and may continue to support prices at lower price range from 4150-4200.

Meanwhile, speculation has begun that the current year's crop production will cross the 2 crore bags mark and yield will be higher compared to last year's yield at 515 Kg/ha. However state agriculture department officials say that if production needs to touch the 2 crore bags mark, yield needs to be around 665-685 kg/ha mark which can only be achieved if the crop receives some water in the next 15 days.

Export demand is expected to be lower and millers are saying that exports for the new crop may dry up due to financial problems in U.S and Europe. Due to the slowdown in the western countries economies exports may dry up and this restrict any upward movement for the new crop.

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 23rd, 2011 -

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



August 25th, 2011

| | | | | | | year |
|--|----|----|----|-------|--------|---------|
| Rajasthan | 30 | 30 | 27 | 26.08 | 23.986 | -13.067 |
| Area in Lakh Hectares, Source: Agriculture Department of Rajasthan | | | | | | |

According to the sources, sowing has been completed and this year area is behind compared to the last year's area and the target set by the government due to delayed start of sowing due to lack of availability of water during the initial stages. According to the state agriculture department of Rajasthan, there are no reports of pests/diseases till now. However increase of yield will depend on water availability after the next 15 days.

Weather Watch (August 27th-September 1st):

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.

| Commodity | Centre | Prices | Prices (Rs/Qtl) | | |
|-----------|--------------------|-----------|-----------------|------|--|
| | | 24-08-11 | 17-08-11 | | |
| | Jodhpur (Delivery) | 4550 | 4450 | 100 | |
| | Jodhpur (Loose) | 4100 | 4025-4030 | 70 | |
| | Bikaner (Delivery) | 4400 | 4240 | 160 | |
| | Bikaner (Loose) | 4250 | 4090 | 160 | |
| Guar Seed | Nokha | 4050 | 3915 | 135 | |
| | Hanumangarh | 4170 | 4120-4125 | 45 | |
| | Sri-Ganganagar | 4365 | 4430 | -65 | |
| | Adampur | 4300 | 4250 | 50 | |
| | Sirsa | - | - | - | |
| | Bhiwani | 4300 | 4275 | 25 | |
| | Deesa | 4065-4070 | 4020-4025 | 45 | |
| | Nagaur | - | - | - | |
| | Dhabwali | 4250 | 4150 | 100 | |
| Guar Gum | Jodhpur | 13300 | 13250 | 50 | |
| | Bhiwani | 13700 | 13600 | 100 | |
| | Dhabwali | 13500 | 13600 | -100 | |

Guar Prices at Key Spot Markets

Guar by – Products Prices:

| Commodity | Contro | Price (Rs/Qtl) | |
|-----------|---------|----------------|----------|
| Commodity | Centre | 24-08-11 | 17-08-11 |
| Churi | Jodhpur | 680 | 707 |
| Korma | Jodhpur | 833 | 867 |

Guar Export Prices:

| Commodity | Variety | Value (\$/MT) |
|-----------|---------|---------------|
| | | |



August 25th, 2011

| | | 24-08-11 | 17-08-11 |
|----------------|-------------------|----------|----------|
| Guargum Split | | 3200 | 3075 |
| Cuergum Deuder | 200 Mesh 5000 CPS | 4000 | 3870 |
| Guargum Powder | 200 Mesh 3500 CPS | 3950 | 3820 |
| Guargum Meal | | 260 | 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. Immediate good support is at 4225 level and prices are holding just above the support level. Breaching the support level, prices may come down to next support at 4137 level. Immediate resistance can be seen at 4370 and then 4420 level.

AGRIWATCH

August 25th, 2011



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. Immediate good support is at 13,498 and 13,080 levels. Breaching the support level, prices may come down to next support at 12,775 levels. Immediate resistance can be seen at 14,221 and then at 14,526 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.

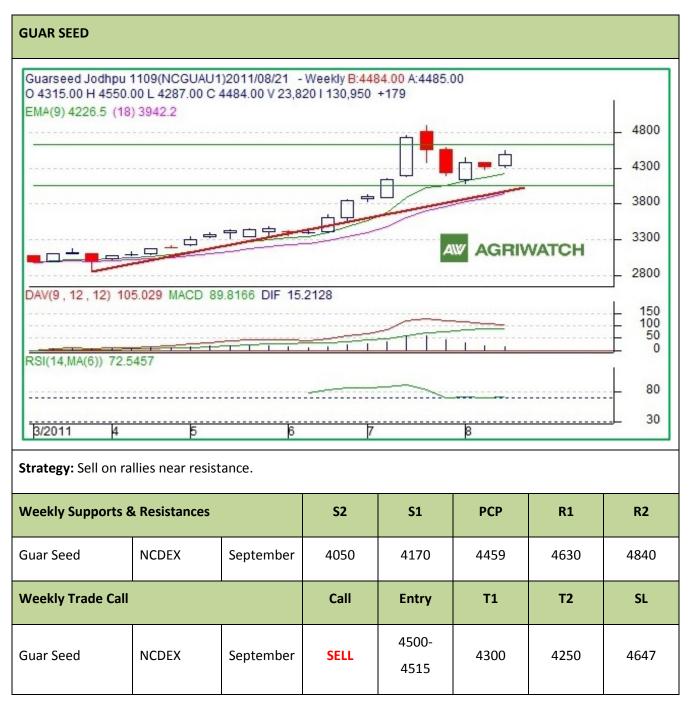
Exchange Technicals (NCDEX):

Technical Commentary: (Guarseed)

- As evident from the chart, overall guar seed futures prices trend remains up and prices and 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 4050 and firm resistance is at 4630 and breaching either level would give us further direction.
- RSI is flat the overbought region and suggests weakness in the short-term.



MACD is flat in the positive region and supports the bullish sentiments.



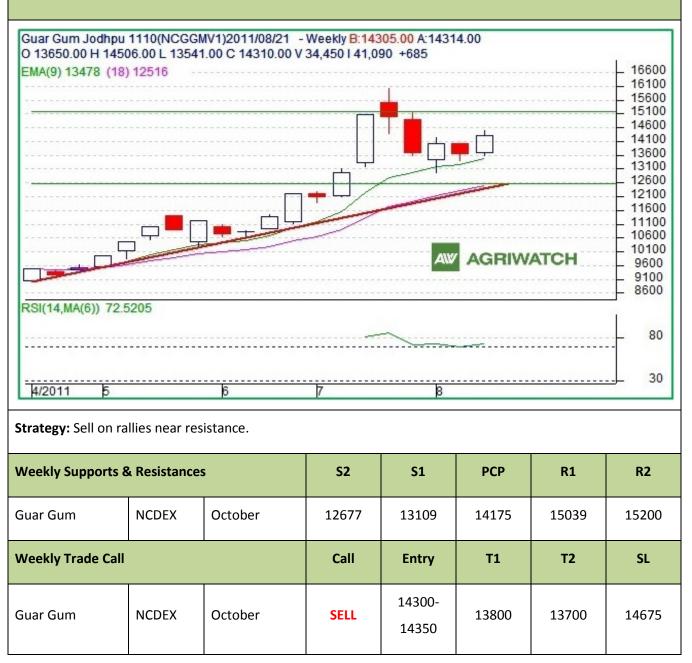
Technical Commentary: (Guargum)

- 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 moving up the overbought region and suggests weakness in the short-term.
- According to the trend line shown immediate support is at 12,600 and resistance at 15,200.

AW AGRIWATCH

August 25th, 2011

GUAR GUM



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.