

### 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 23<sup>rd</sup> 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 22<sup>nd</sup> 2011, demat stock is at 88,672 MT compared to 88,871 MT as on August 13<sup>th</sup> 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 23<sup>rd</sup>, 2011 –

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

						year
Rajasthan	30	30	27	26.08	23.986	-13.067
<b>Area in Lakh Hectares, Source: Agriculture Department of Rajasthan</b>						

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 27<sup>th</sup>-September 1<sup>st</sup>):

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		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
	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 by – Products Prices:

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

#### Guar Export Prices:

Commodity	Variety	Value (\$/MT)
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		24-08-11	17-08-11
Guargum Split		3200	3075
Guargum Powder	200 Mesh 5000 CPS	4000	3870
	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.



**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 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.

**GUAR SEED**


**Strategy:** Sell on rallies near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	September	4050	4170	4459	4630	4840
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	September	<b>SELL</b>	4500-4515	4300	4250	4647

**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 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.



**GUAR GUM**

Guar Gum Jodhpur 1110(NCGGMV1)2011/08/21 - Weekly B:14305.00 A:14314.00

O 13650.00 H 14506.00 L 13541.00 C 14310.00 V 34,450 I 41,090 +685

EMA(9) 13478 (18) 12516


**Strategy:** Sell on rallies near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	October	12677	13109	14175	15039	15200
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	October	<b>SELL</b>	14300-14350	13800	13700	14675

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