

Domestic Market Recap:

- Guar prices ended lower in most trading centers in Haryana and Gujarat as demand remained weak at highs. Weakness in prices were also influenced by speculation about higher production at 2 crore bags.
- Traders are expecting a production of 2 crore bags for Rajasthan which is going to higher compared to last year production at 1.4 crore bags.
- According to the state agriculture departments of all the 3 states total area for this year is lower at 31.218 lakh hectares compared to 35.034 lakh hectares in previous year.
- Meanwhile, NCDEX stocks for the week ending 02nd September were lower at 86,619 MT compared to 88,024 MT in the week ending 29th August 2011.
- Meanwhile, APEDA released the monthly export data for April 2011 which is higher at 30,816 MT compared to 20,376 MT.
- Meanwhile the annual export data for April 2010-March 2011 was higher at 403,007 MT compared to 218,473 MT.

Current Market Dynamics

Prices remained weak this week as speculation about the production being higher this year dominated in the market. However area sown this year in India will be lower this year will decline seen in all the 3 major producing states i.e. Rajasthan, Haryana and Gujarat. According to the state agriculture departments of all the 3 states total area for this year is lower at 31.218 lakh hectares compared to 35.034 lakh hectares in previous year. However trade sources say that rainfall is good this year and may help to increase yield this year.

Meanwhile, NCDEX stocks for the week ending 02nd September were lower at 86,619 MT compared to 88,024 MT in the week ending 29th August 2011. So this may restrict fall of the prices until fresh arrivals come in late September. However the downtrend was restricted as trade source revealed that rainfall over the last 2-3 days have caused a water logging problem in the sowing areas of Rajasthan. Sources also added that if sowing areas do not dry up in the next few days we could see some occurrences of rot on plants. However everything would depend on the weather conditions in the next week to 10 days.

Crop Progress & Condition

As per the data received from state agriculture department, sown area under guar seed as on August 30th 2011 is down by around 2.5 lakh hectares to 27.57 lakh hectares as compared to 30 lakh hectares last year. Area has surpassed the governments set target of 27 lakh hectares. According to state agriculture department, Haryana country's second-largest producer of guar, area has come down by 21.8% primarily because of scanty rainfall and an increase in the area under cotton cultivation due to higher remunerative prices for cotton last season. According to the state agriculture department of Gujarat acreage has come to 1.148 lakh hectares compared to 1.534 lakh hectares in the previous year. Area has declined as farmers sowed more due to higher remunerative prices for cotton.

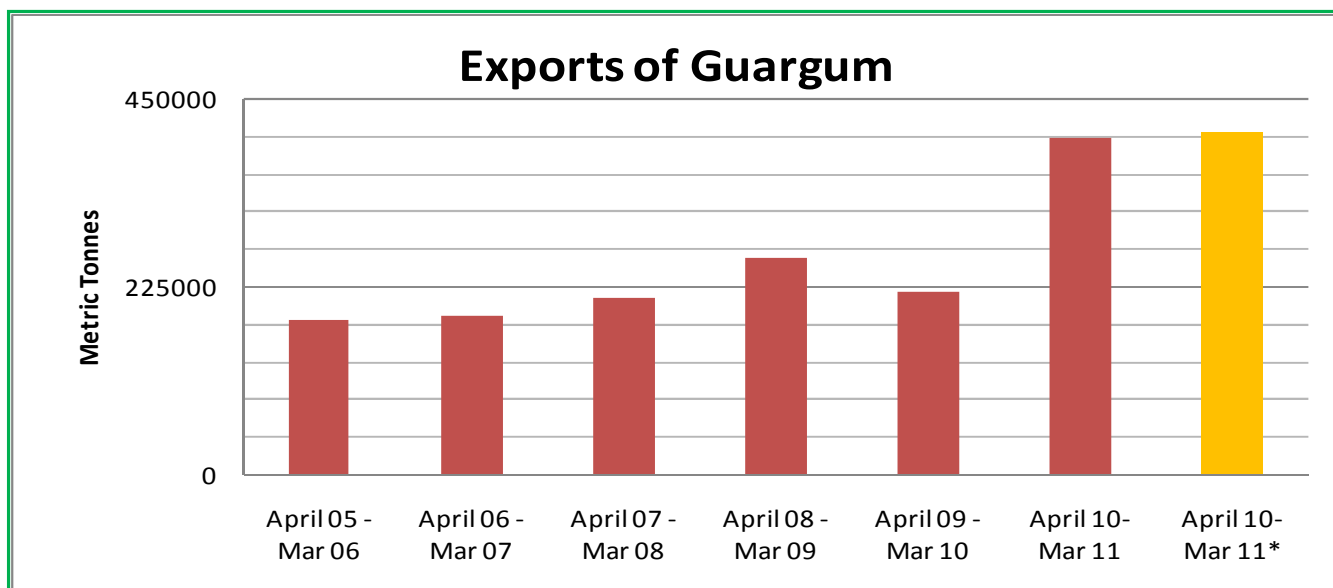
The following table shows the sowing progress of Rajasthan as of August 28th, 2011 –

State	Kharif 2010 Area Sown	Area Sown By this Period Last Year	Kharif 2011		
			Target	Area Sown by Aug. 30 th , 2011	% Change from Same Period Last year
Rajasthan	30	30	27	27.57	-8.1
Haryana	2.56	2.75	3.5	2.15	-21.8
Gujarat	1.534	1.558	1.5	1.148	-26.3
Area in Lakh Hectares, Source: Agriculture Department of Rajasthan, Haryana and Gujarat. Sowing is completed					

According to the state agriculture department of Rajasthan and Haryana, there are no reports of pests/diseases till now. However, water logging has been reported over Rajasthan and dry weather condition will be required for the next few weeks for the crop to be free of pests or diseases. So, weather should be watched over the next few days.

Export Scenario

According to APEDA, Guargum exports have risen to 403,007 MT during the April-March 2011 period higher by 218,473 MT or 84.46% during the same period last year. As per latest report, Guar gum exports during April' 2011 increased to 30,816 MT or 51.23% as compared to 20,376 MT same period last year. AW research had projected the total exports to be 411,000 tonnes as indicated by the yellow bar in the chart. Total exports for the fiscal April 10-Mar 11 was slightly lower compared to the AW projection.



Source: APEDA and *-AW Projection

Weather Watch (September 08th-13th):

According to IMD, fairly widespread thundershowers would occur over Gujarat in the next 3-4 days hours. Dry weather in Haryana and Rajasthan will help crop progress activity.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
Guar Seed		08-09-11	02-09-11	
	Jodhpur (Delivery)	4550	No Trade	-
	Jodhpur (Loose)	4050	No Trade	-
	Bikaner (Delivery)	4350	No Trade	-
	Bikaner (Loose)	4200	No Trade	-
	Nokha	4210	No Trade	-
	Hanumangarh	4480	No Trade	-
	Sri-Ganganagar	4470	No Trade	-
	Adampur	4320	4420	-100
	Sirsa	-	-	-
	Bhiwani	4200	4400	-200
	Deesa	3950-3955	4140-4145	
	Nagaur	-	-	-
	Dhabwali	4300	4400	-100
Guar Gum	Jodhpur	13900	No Trade	-
	Bhiwani	13400	14000	-600
	Dhabwali	14000	14300	-300

Guar by – Products Prices:

Commodity	Centre	Price (Rs/Qtl)	
		08-09-11	02-09-11
Churi	Jodhpur	667	Closed
Korma	Jodhpur	800	Closed

Guar Export Prices:

Commodity	Variety	Value (\$/MT)	
		08-09-11	02-09-11
Guargum Split		3400	Closed
Guargum Powder	200 Mesh 5000 CPS	4100	Closed
	200 Mesh 3500 CPS	4050	Closed
Guargum Meal		250	Closed

Spot Market Technical Analysis of Guar seed & Guar gum



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

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. Prices remain above a crucial support of 4025 and breaching this support would bring down prices to 3537. Important resistance is seen at 4410 and breaching this resistance would push prices upto 4800. 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.



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 neutral zone indicating and supports sideways movement. Prices remain above a crucial support of 12570 and breaching this support would bring down prices to 10805. Important resistance is seen at 14560 and breaching this resistance would push prices upto 15400.

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 Fibonacci retracement, immediate support is at 4241 and breaching this level would take the prices down to 4025 levels. Immediate resistance is at 4522 and breaching this level would take prices to 4954 levels.
- RSI is flat in the overbought region and hint for possible weakness in prices in coming days.

GUAR SEED


Strategy: Sell on rallies near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	October	4080	4234	4389	4668	4723
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	October	SELL	4500-4520	4300	4250	4655

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.
- According to the Fibonacci retracement, immediate support is at 13391 and breaching this level would take the prices down to 12535 levels. Immediate resistance is at 14403 and breaching this level would take prices to 15200 levels.

- RSI is moving down in the neutral region and hint for possible weakness in prices in coming days.

GUAR GUM


Strategy: Sell on rallies near resistance.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	October	13228	13554	13880	14676	14732
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	October	SELL	14250- 14275	13850	13750	14537

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.