

### **Domestic Market Recap:**

- Markets remained mixed in major trading centers this week.
- However trade source revealed that rainfall over the last 2-3 days have caused a water logging problem on the fields and may cause a rot disease which may cause losses.
- Sources also added that if sowing areas need sunshine in the next few days for a good crop this year. So the weather conditions in the next 7 to 10 days become a major factor for the crop and prices trend.
- Trade sources also revealed that Ruchi Soya holds a majority of stocks and are not willing to release the stock just yet.
- According to NCDEX, warehouse stock as on 12th September 2011 is standing at 85,835 MT compared to 86,619 MT during the previous week.

### **Current Market Dynamics**

Prices could see weakness as traders speculate that say that the production estimates will be higher closer to 2 crore bags or 20 lakh tonnes due to favourable weather condition. Demand from millers and exporters remained weak and continue to restrict upside. Exporters add that fresh inquiry will come in October for the new stock and will last for 4-6 months. Weather has cleared up and will remain favourable for the crop.

Meanwhile, shortage of stocks plus lower production estimates from Rajasthan state agriculture department may restrict downside. So prices will see sideways movement in the next week. According to NCDEX, warehouse stock as on 12th September 2011 is standing at 85,835 MT compared to 86,619 MT during the previous week. According to the state agriculture department, acreage in Rajasthan for 2011-12 is down by 1.52% at 29.07 lakh hectares compared to last year. Production has also decreased by 23.6% at 11.36 lakh tonnes compared to last year with the productivity expected to decline to 390kg/Ha compared 504 kg/Ha during the previous year.

Trade source revealed that rainfall over the last week 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 some occurrences of rot on plants. However everything would depend on the weather conditions in the next 7 to 10 days.

### **2011-12 Crop Estimate**

The Guar seed production for the kharif season 2011-12 is forecast to be 11.36 lakh tonnes an decline by 9.2% from the previous year production at 14.88 lakh tonnes. According the first advance estimate released by state agriculture department, area sowed has also declined by 1.5% at 29.07 lakh hectares compared to 29.52 lakh hectares from the previous year. Agriwatch has projected the yield to also decline by 22.6% at 390 ha/kg in 2011012 compared to 504 ha/kg in the last year.

The following table shows the APY situation for 2011-12 Kharif season –

YEAR	Area (lakh hectares)	Production (lakh tonnes)	Yield (kg/ha)
2006-07	28.09	0.658	234
2007-08	29.10	12.43	427
2008-09	33.16	12.61	380
2009-10	25.81	0.201	230
2010-11	29.52	14.88	504
2011-12	29.07	11.36	390*
Source: State Agriculture Department of Rajasthan, *-AW Projection			

### Weather Watch (September 15<sup>th</sup>-21<sup>st</sup>):

According to IMD, a fresh spell of rain would occur over northwest India during next 48 hours. Isolated thundershowers would be seen over Rajasthan and Gujarat which may hinder crop growth.

### Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
Guar Seed		14-09-11	08-09-11	
	Jodhpur (Delivery)	4575	4550	25
	Jodhpur (Loose)	4150	4050	100
	Bikaner (Delivery)	4250	4350	-100
	Bikaner (Loose)	4400	4200	-200
	Nokha	4150	4210	-60
	Hanumangarh	4400	4480	-80
	Sri-Ganganagar	4400	4470	-70
	Adampur	4425	4320	-90
	Sirsa	4425	4400	-25
	Bhiwani	4300	4200	100
	Deesa	3995	3950-3955	-45
	Nagaur	-	-	-
	Dhabwali	4350	4300	-50
Guar Gum	Jodhpur	13800	13900	-100
	Bhiwani	13500	13400	100
	Dhabwali	13900	14000	-100

### Guar by – Products Prices:

Commodity	Centre	Price (Rs/Qtl)	
		14-09-11	08-09-11
Churi	Jodhpur	667	667
Korma	Jodhpur	800	800

### Guar Export Prices:

Commodity	Variety	Value (\$/MT)	
		14-09-11	08-09-11
Guargum Split		3200	3400
Guargum Powder	200 Mesh 5000 CPS	4100	4100
	200 Mesh 3500 CPS	4050	4050

Guargum Meal	235	250
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## 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 4200 and breaching this support would bring down prices to 4000 levels. Important resistance is seen at 4450 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 range bound movement. Prices remain above a crucial support of 13360 and breaching this support would bring down prices to 12860. Important resistance is seen at 14600 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.
- Immediate support remains at 4241 and 4025. Immediate resistance remains at 4522 and 4954 levels.
- Prices are trading in small range from 4200-4500 and breaching either level would give us further prices direction.
- Overbought nature of the RSI 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	4104	4250	4418	4745	4865
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	October	<b>SELL</b>	4545- 4550	4345	4300	4675

**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.
- Immediate support remains at 13391 and 12535 levels. Immediate resistance remains at 14403 and 15200 levels.
- Prices are trading in small range from 13365-14400 and breaching either level would give us further prices direction.



- 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	13078	13364	13690	14362	14425
Weekly Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	October	<b>SELL</b>	14000-14050	13500	13450	14350

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