

Domestic Market Recap:

- Guar seed and guar gum prices continued positive tone during the week.
- Rains till date have not been sufficient in the guar seed growing regions.
- According to IMD, till date rainfall is 22 percent deficit all over India. The deficit is likely to come down amid expected rains in the coming days.
- Acreage till date is reported to be lower in the states of Rajasthan and Haryana compared to previous year.
- Rains during the week in Gujarat region is helping sowing activities to pick up.
- In the growing regions having irrigation facilities sowing of guar seed is likely to be completed by this week.

Current Market Dynamics

Guar seed and guar gum prices noticed firm tone during the week. Though rains have been reported in certain growing regions, it is not sufficient for sowing activities. Lower acreage till date in Rajasthan and Haryana is supporting the market.

In Rajasthan, sowing can be done till third week of August and in Haryana it can be done for another ten days. Expected rains in Rajasthan and Haryana in the coming days will help sowing activities to up. Sowing progress will be clear by next month. In areas having irrigation facility like Sri-Ganganagar, Hanumangarh, sowing is likely to be completed in the near –term. Till date acreage in the major growing states are reported to be lower compared to previous year. According to IMD, rains are expected in certain parts of east Rajasthan, Haryana, Punjab and Gujarat region in the coming days.

According to sources at Vikas WSP, their target was to cover 50,000 hectares under guar seed in Punjab and Haryana. Till date 44,000 hectares has been covered in Punjab districts of Abohar, Fazilka, Mansa, Bathinda, Sangrur, and Patiala.

FMC will decide on re-launching guar complex futures by this month. Exact sowing position will be clear by this month and guar complex futures could be re-launched once higher acreage is met compared to previous year.

Companies in the overseas markets are looking into sowing progress of guar seed in India. India is the major supplier of guar gum followed by Pakistan. During the previous season, guar gum prices had increased by more than 300 per cent following good demand and lower output. Guar gum has gained importance following its usage in hydrofracking in the U.S. Each hydrofracking well requires 10 tonnes of guar gum and around 35000 new hydrofracking wells were drilled previous year in the U.S. thereby increasing demand for guar gum. Shale gas and oil drilling companies in the U.S. are looking for cheaper alternatives to guar gum.

Export and Import Scenario

As per sources, both Gum and Powder demand continues to rise in overseas market. Major buyers like China, Europe and U.S continue to queue in the market to fulfill their daily requirement, mainly for industrial use. In March, the US purchased a record 33,800 tonnes of guar gum from India, up from an average 22,000 tonnes a month last year. As per APEDA, Guar gum exports increased to 5.59 lakh tonnes during Apr-Jan 2012 against 3.50 lakh metric tonnes recorded during the same period of the previous year.

Sowing Interest & Crop Outlook

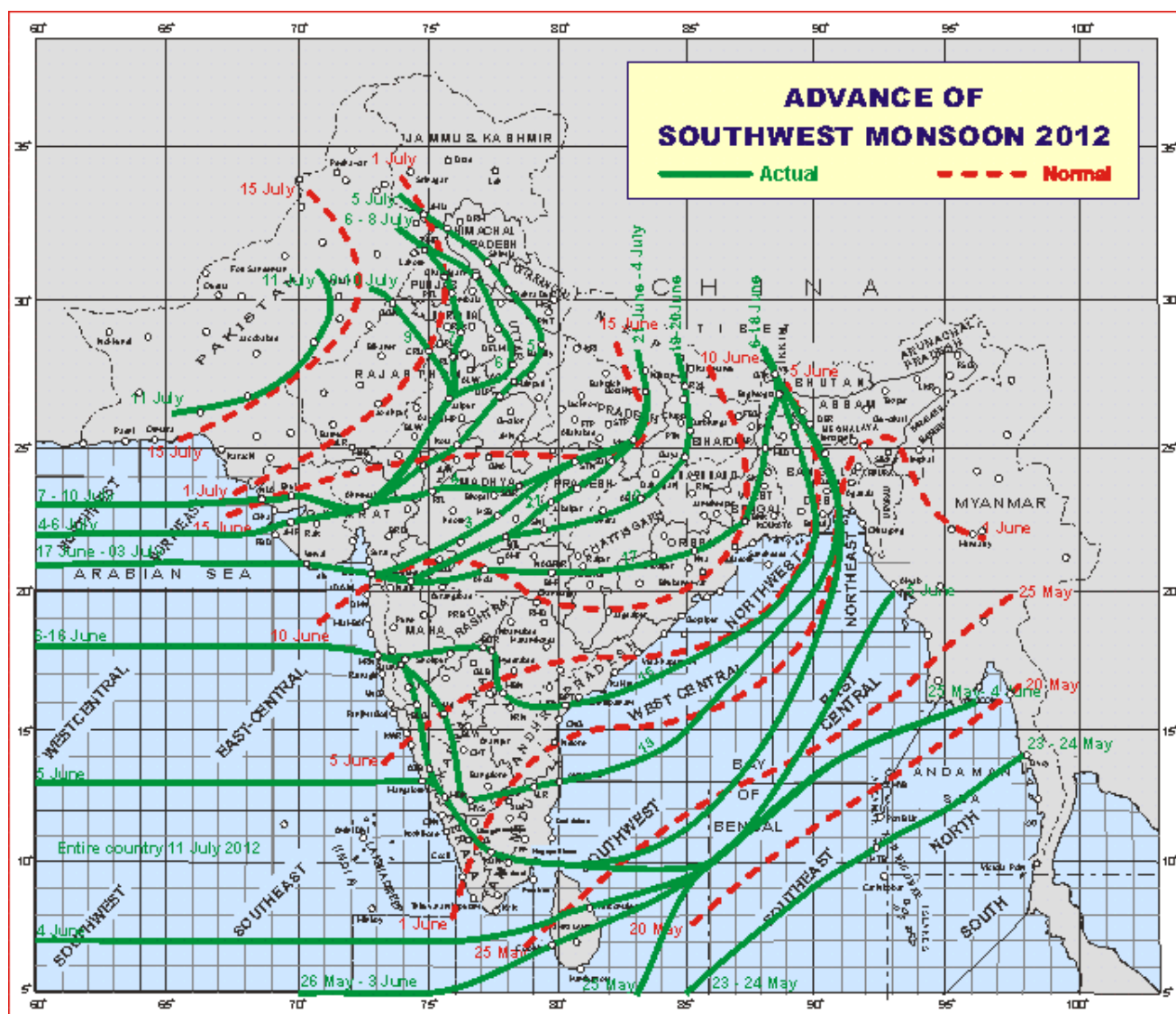
As per market participants, initial expectation of higher output during the season may not be met following lower acreage in the growing regions. Sowing activities in rain –fed areas is expected to pick up in the coming days. Till date south –west monsoon is 22 percent deficit all over India and 39 percent in north –west India. Sowing is almost completed in the irrigated areas and guar seed acreage under irrigated areas accounts for 30 –40 percent of total acreage. In the irrigated areas, crop size could double depending on progress of rains in the coming days. Progress of south –west monsoon in non –irrigated areas for another two weeks will determine total acreage.

In Rajasthan sowing can be done till third week of August and in Haryana, it can be done for another ten days. Guar seed sowing has so far covered around 1.12 million hectares in Rajasthan as on 27th July 2012 as against 1.32 million hectares during the same period previous year. According to State Agricultural sources, acreage under guar seed in Gujarat as on 23rd July 2012 is reported at 111000 hectares compared to 58100 hectares during same period last year.

Weather Watch

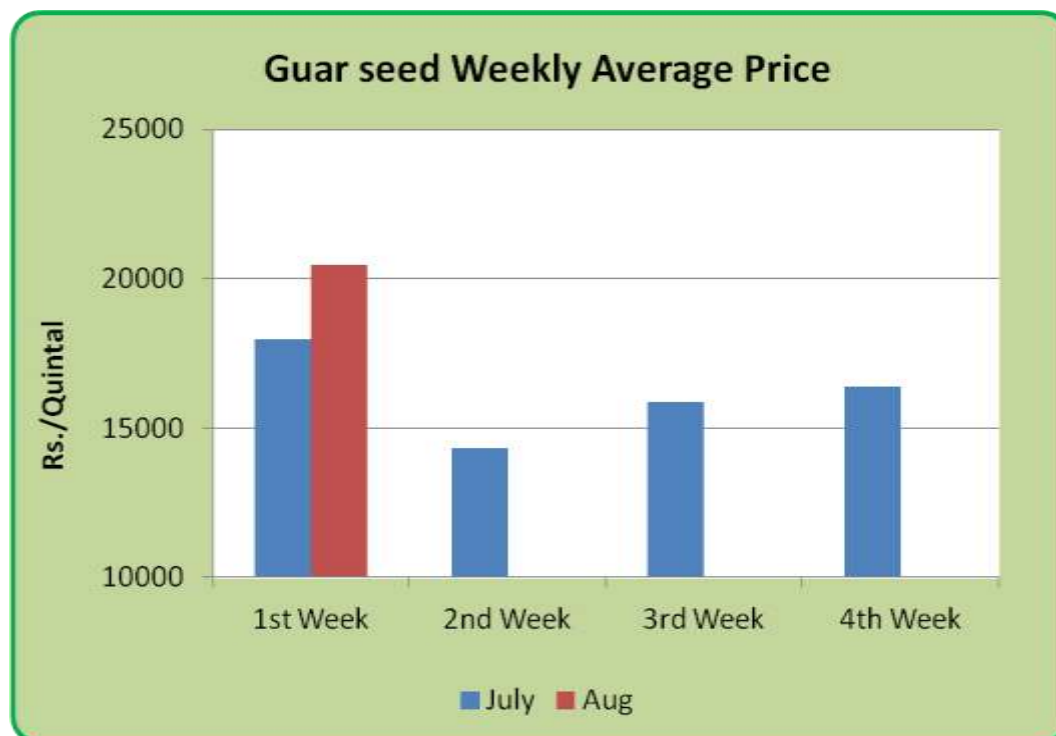
According to IMD, out of 36 meteorological sub-divisions, rainfall was excess/normal in 12, deficient in 15 and scanty in 09 sub-divisions (mainly in northwest and south Peninsula) during the week. In area-wise distribution, 39% area of the country received excess/normal rainfall. Remaining 61% area received deficient/scanty rainfall.

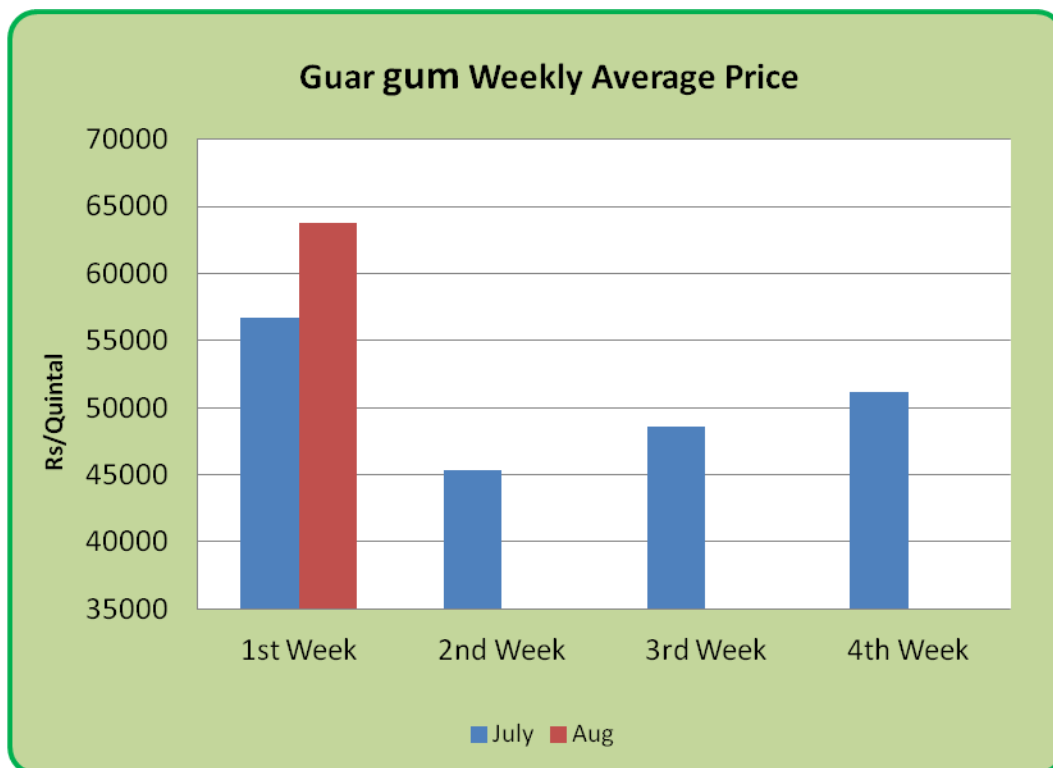
According to IMD, rains are expected in east Rajasthan, west Rajasthan, Punjab and Haryana in the coming days. Rainfall is expected over few places in north –west India during the week. Rains have been covered in most parts of the country. The picture below shows the progress of rain till date in India.



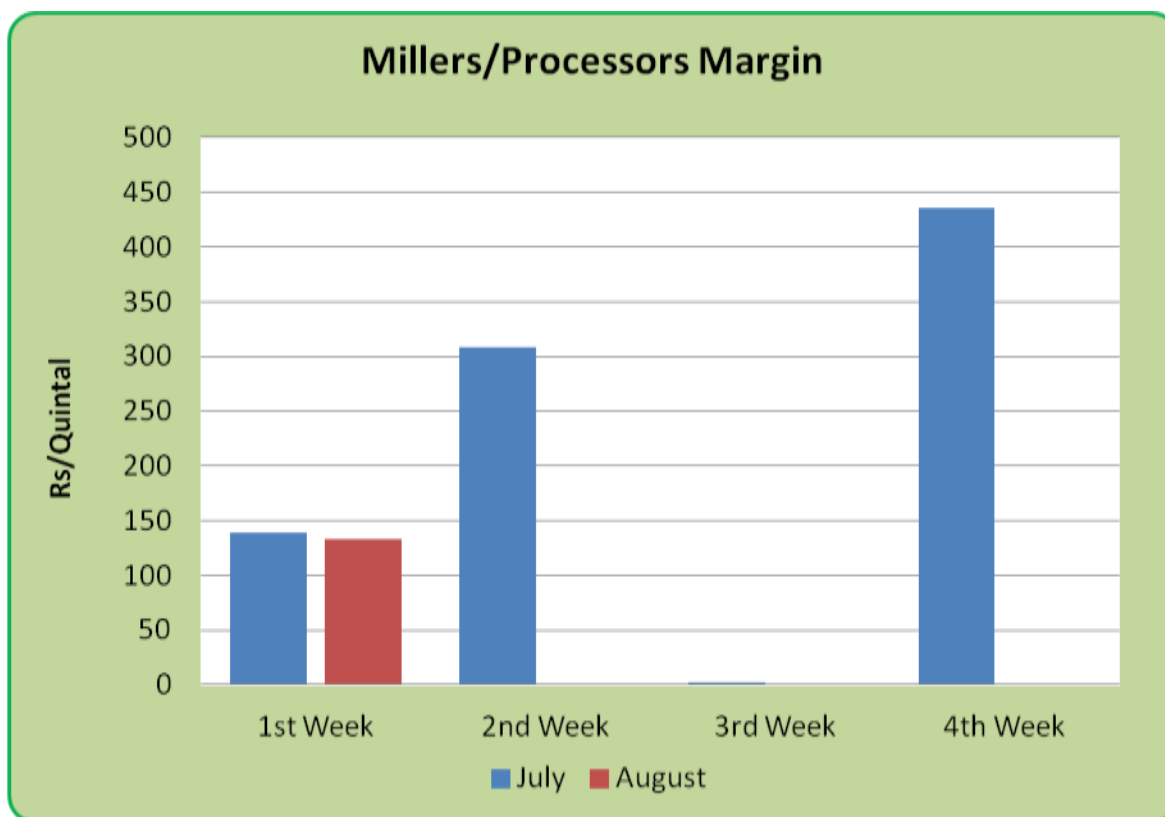
Price Scenario

Guar seed and guar gum prices continued positive tone during the week. In the first week of August, the average price of guar seed increased by 25% to Rs.20475/Qtl and that of guar gum also increased by 25% to Rs.63750/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.





Millers/Processors Margin





As seen in the chart above, the crushing margin of guar seed declined compared to previous week. Margin declined following increase in price of guar seed. Guar seed prices increased amid lack of rainfall in certain guar seed growing regions. In the current week of August, average crush margin stood at Rs.132.50/Quintal compared to previous week's crush margin of Rs. 435.66/Quintal. Margin could decline in the near –term amid expected increase in the price of guar seed.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		03.8.2012	27.7.2012	
Guar Seeds	Jodhpur (Delivery)	21500	17500	+4000
	Jodhpur (Loose)	20500	16800	+3700
	Bikaner (Loose)	20000	19000	+1000
	Bikaner (Delivery)	21000	20000	+1000
	Nokha (Loose)	19500	15000	+4500
	Hanumangarh (Loose)	-	-	
	Sri-Ganganagar (Delivery)	20500	17000	+3500
	Adampur (Loose)	20900	17500	+3400
	Sirsa (Loose)	22000	17000	+5000
	Bhiwani (Delivery)	20000	14500	+5500
	Deesa (Loose)	16220	16200	Unch
	Nagaur (Loose)	-	-	-
	Dhabwali (Loose)	-	-	-
Guar Gum	Jodhpur	67000	55000	+12000
	Bhiwani	62000	39000	+23000
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		03.8.2012	27.7.2012
Churi	Jodhpur	950	950
Korma	Jodhpur	1700	1800

Guar Export Prices:

Commodity	Variety	\$/MT	
		03.8.2012	27.7.2012
Guargum Split		11000	-
Guargum Powder	200 Mesh 5000 CPS	12750	-
	200 Mesh 3500 CPS	12600	-
Guargum Meal		300	-

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 03.8.12	Week Ending 27.7.12	
Jodhpur	1000	1500	-500



Bikaner	40	100	-60
Nokha	20	-	
Hanumangarh	-	-	
Sri-Ganganagar	-	-	
Adampur	100	40	+60
Sirsa	-	-	
Bhiwani	-	-	
Deesa	72	55	+17
Nagaur	-	-	
Dhabwali	-	-	
All India	1232	1695	-463

Spot Market Technical Analysis of Guar seed & Guar gum

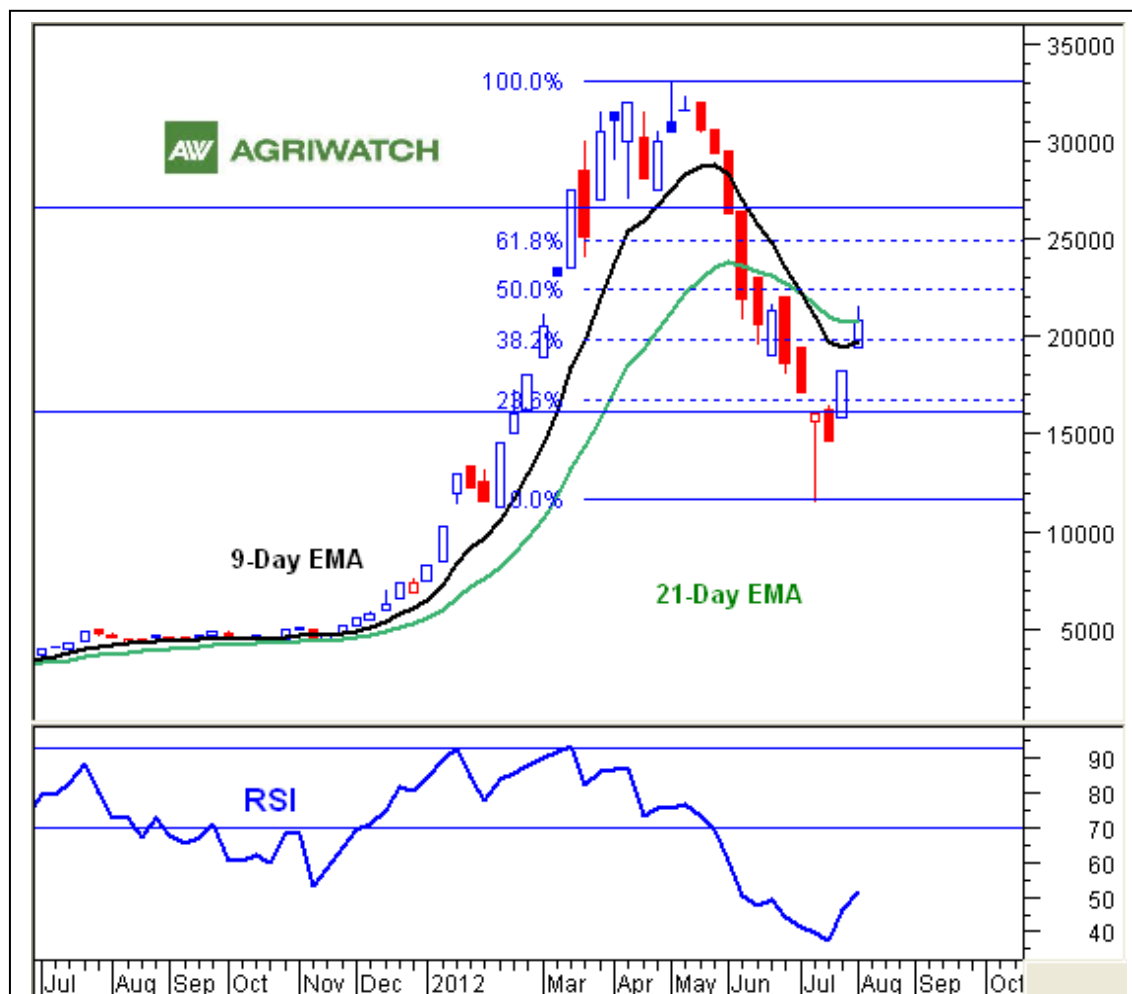


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices continued the positive tone during the week. Continuation of buying support added to the positive tone of the market. Prices are continuing the recovery as seen in the chart and break above 22150 levels will denote continuation of the firm tone. Prices are likely to test these levels in the near –term. RSI is increasing in the neutral region supporting firm tone in the near –term. MACD is in the positive territory denoting increasing bullish momentum. On the downside there is support at Rs.18600 levels. The next support is at Rs.15000/Qtl levels. On the upside there is resistance at Rs.25000/Qtl levels and Rs.26630/Qtl levels respectively. Traders are advised to wait for better buying levels in the medium –term.

Prices are likely to witness some initial weakness and trend towards Rs.25000/Qtl levels.

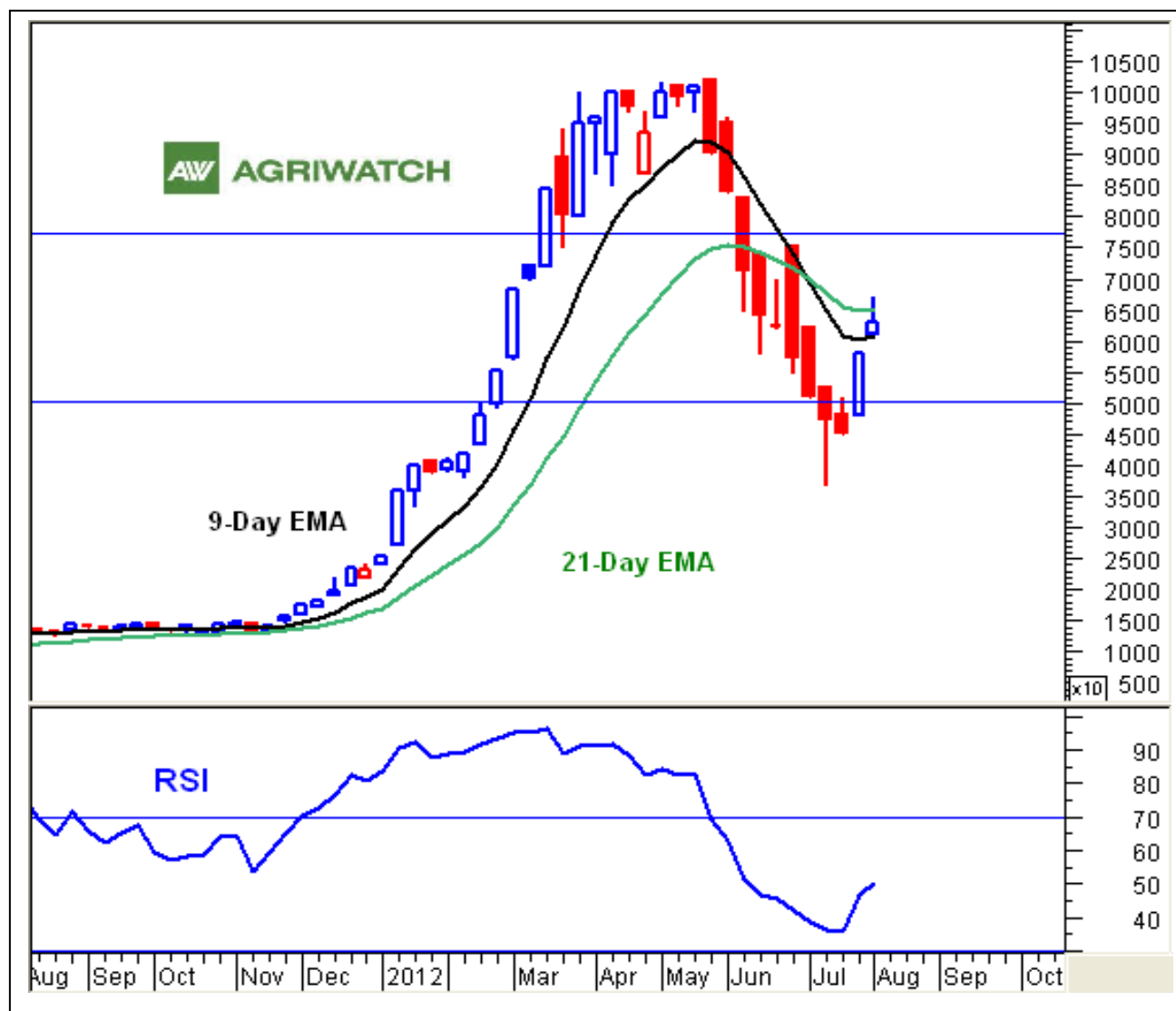


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices also noticed firm tone during the week. Addition of long positions in the market is adding to the positive tone. Prices are continuing the recovery and are likely to test Rs.75000/Qtl levels in the near – term. RSI is increasing in the neutral region supporting the firm tone of the market. Prices are holding above 9 –Day and 21 –Day EMA adding to the overall positive tone of the market. On the downside there is support at Rs.56930/Qtl levels. The next support is at Rs.50000/Qtl level. On the upside there is resistance at Rs. 72000/Qtl levels and Rs.75000/Qtl levels respectively. Traders are advised to wait for better buying levels in the medium –term.

Prices are likely to trend towards Rs.75000/Qtl levels in the medium –term.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to witness some weakness in the near –term before continuing the recovery.

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