

Domestic Market Recap:

- Guar seed and guar gum prices noticed weak tone during the week.
- Rains have been reported in the growing regions of Rajasthan, Punjab, Haryana and Gujarat during the week.
- According to IMD, rainfall activity is likely to increase in these regions in the coming days.
- There has been revival of increase in acreage amid rains in the growing regions. Acreage could increase two –three times in the current season.
- Sowing in the irrigated areas has been completed and the acreage is likely to increase two –three times in these areas.
- Oil companies in the overseas markets are looking into cheaper alternatives of guar gum.

Current Market Dynamics

Guar seed and guar gum prices noticed weak tone during the week. Expectation of increase in acreage amid rains in the growing regions during the week weighed on the market. Sowing progress will be clear by this month.

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 of guar seed can be done till third week of August and good rains in the coming days will help in sowing activities. In Haryana and Gujarat, sowing can be done for another ten days following delay in the onset of south –west monsoon. According to trade sources, acreage in the irrigated areas like Sri –Ganganagar, Hanumangarh and certain areas of Haryana, is likely to be doubled this season.

FMC will take decision on re-launching guar complex futures once sowing progress is clear by this month. Expected increase in output during the season will weigh on prices.

Oil companies in the overseas markets are looking into cheaper alternatives of guar gum. There is no official confirmation on the same. During the previous year, higher prices of guar gum had affected the margins of oil companies. Around 35000 hydrofracking wells were drilled during last year.

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

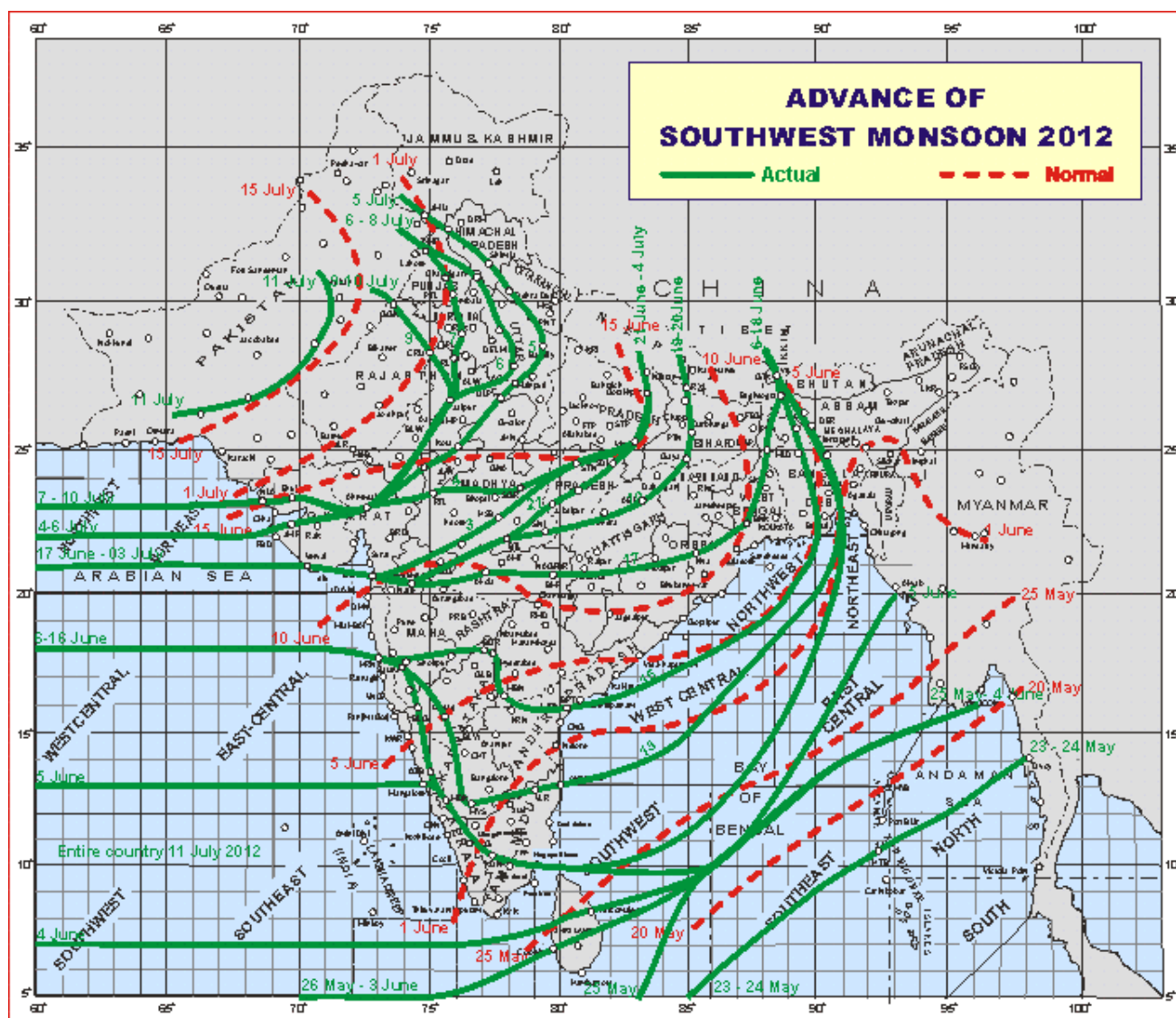
As per market participants, initial expectation of higher output during the season has been revived following rains in the growing regions. Sowing activities in rain –fed areas is expected to pick up in the coming days. Sowing is almost completed in the irrigated areas and guar seed acreage under irrigated 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 and Gujarat, it can be done for another ten days. Guar seed sowing has so far covered around 1.53 million hectares in Rajasthan as on 9th August 2012 as against 2.03 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

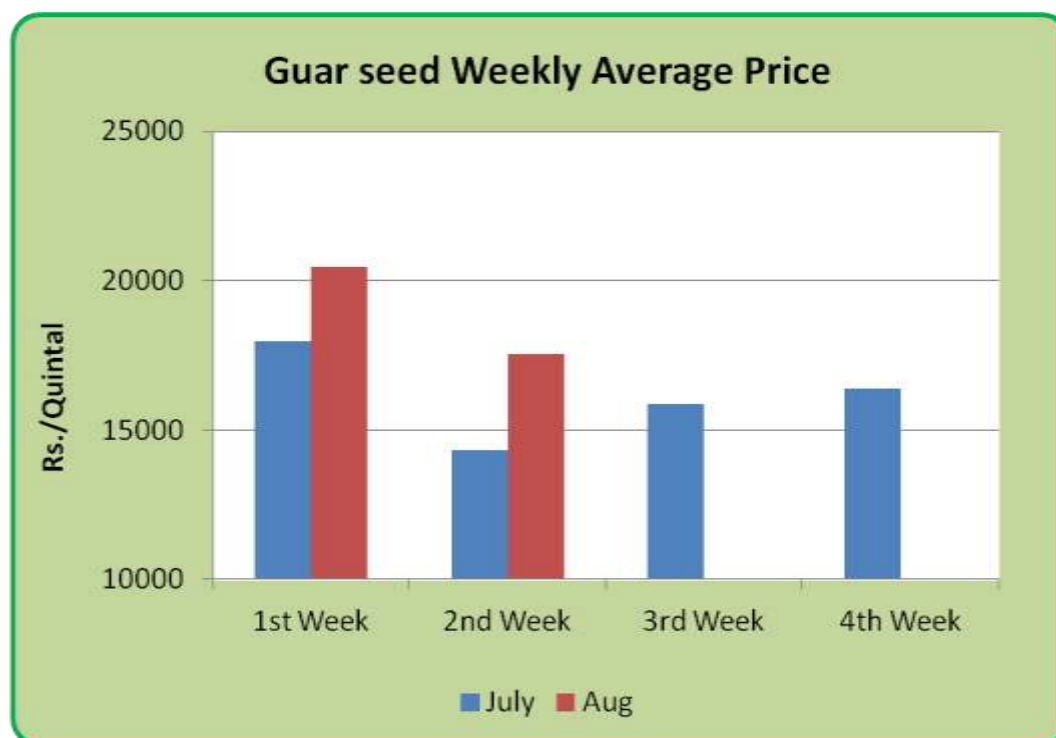
According to IMD, out of 36 meteorological sub-divisions, rainfall was excess/normal in 15, deficient in 11 and scanty in 10 sub-divisions during the week. In area-wise 2 distribution, 50% area of the country received excess/normal rainfall. Remaining 50% area received deficient/scanty rainfall.

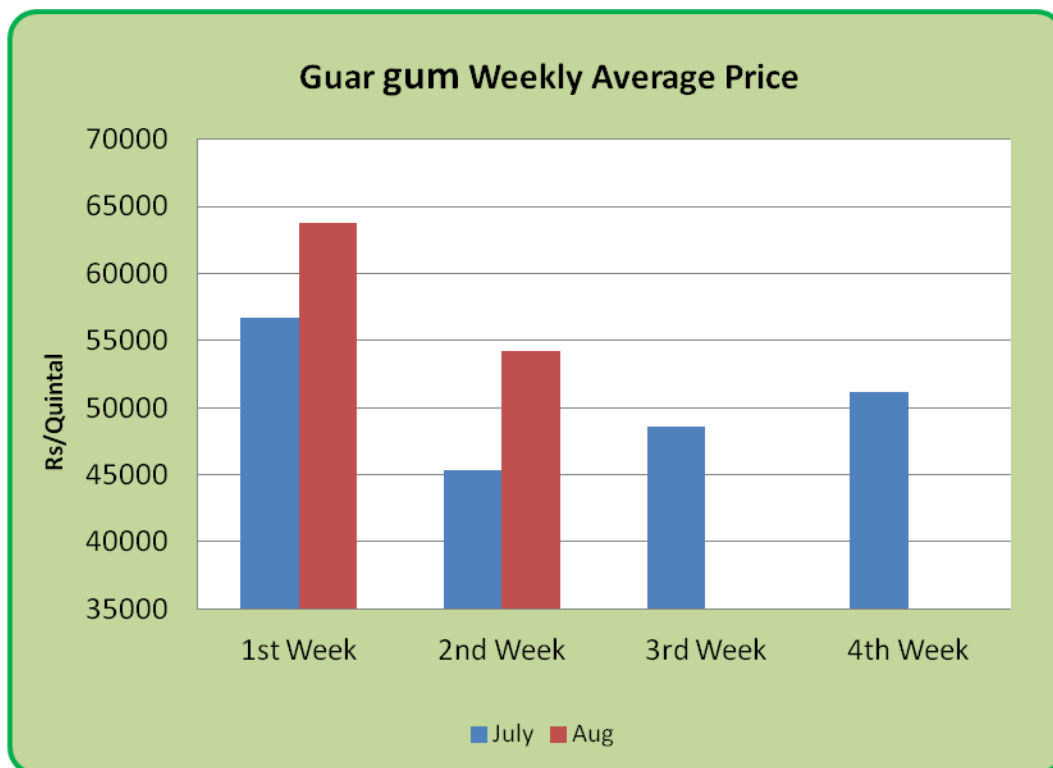
According to IMD, rains are expected in east Rajasthan, west Rajasthan, Punjab, Haryana and Gujarat in the coming days. Rainfall is expected over certain places in north –west India during the week. Rains have been covered in most parts of the country. The picture below shows the progress of rain till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



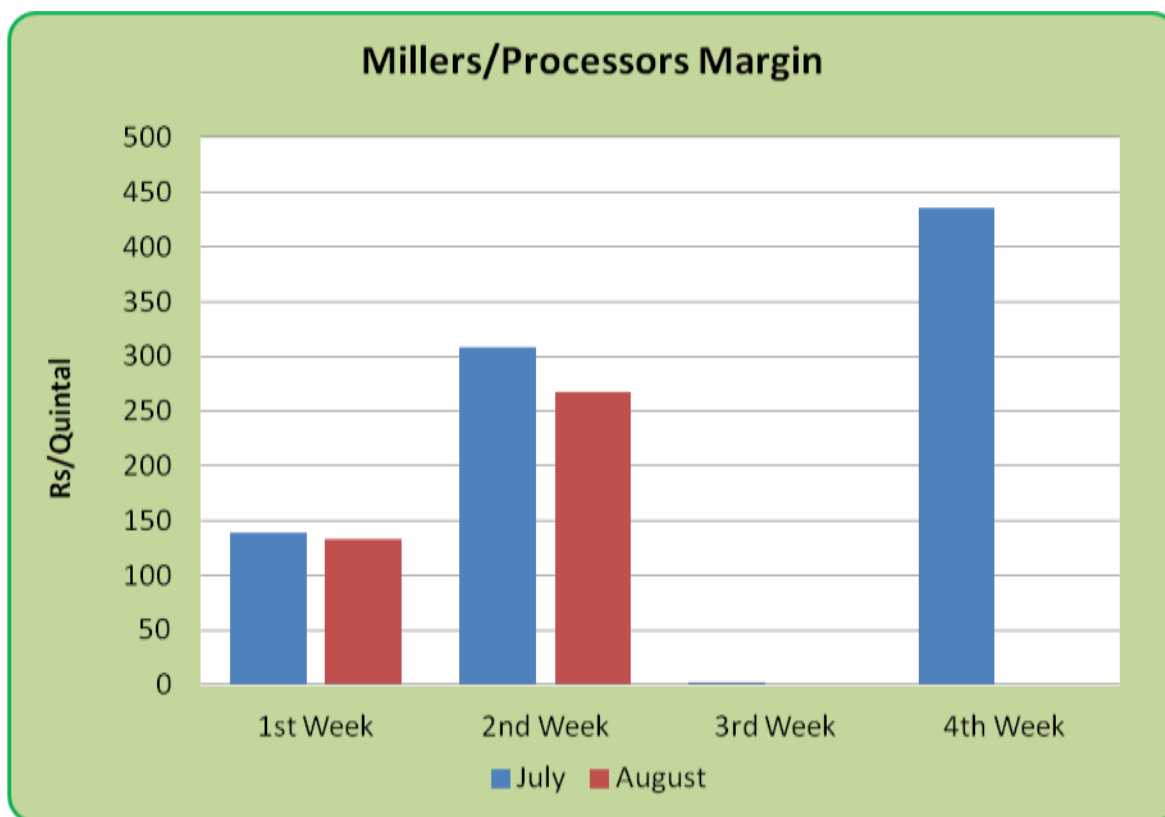
Price Scenario

Guar seed and guar gum prices noticed weak tone during the week. In the second week of August, the average price of guar seed declined by 14% to Rs.17560/Qtl and that of guar gum declined by 15% to Rs.54200/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 increased compared to previous week. Margin increased following decline in the price of guar seed. Guar seed prices declined amid rainfall in certain guar seed growing regions. In the current week of August, average crush margin stood at Rs.267.80/Quintal compared to previous week's crush margin of Rs. 132.50/Quintal. Margin could increase in the near –term amid expected decline in the price of guar seed.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		11.8.2012	03.8.2012	
Guar Seeds	Jodhpur (Delivery)	15200	21500	-6300
	Jodhpur (Loose)	14000	20500	-6500
	Bikaner (Loose)	14500	20000	-6500
	Bikaner (Delivery)	15000	21000	-6000
	Nokha (Loose)	15000	19500	-4500
	Hanumangarh (Loose)	-	-	-
	Sri-Ganganagar (Delivery)	15500	20500	-5000
	Adampur (Loose)	-	20900	-
	Sirsa (Loose)	14200	22000	-7800
	Bhiwani (Delivery)	-	20000	-
	Deesa (Loose)	16150	16220	-70
	Nagaur (Loose)	-	-	-
	Dhabwali (Loose)	-	-	-
	Jodhpur	48000	67000	-19000
Guar Gum	Bhiwani	-	62000	-
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		11.8.2012	03.8.2012
Churi	Jodhpur	1060	950
Korma	Jodhpur	1700	1700

Guar Export Prices:

Commodity	Variety	\$/MT	
		11.8.2012	03.8.2012
Guargum Split		8800	11000
Guargum Powder	200 Mesh 5000 CPS	10000	12750
	200 Mesh 3500 CPS	9900	12600
Guargum Meal		400	300

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 11.8.12	Week Ending 03.8.12	
Jodhpur	1000	1000	Unch



Bikaner	30	40	-10
Nokha	15	20	-5
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	-	100	-
Sirsa	-	-	-
Bhiwani	-	-	-
Deesa	85	72	+13
Nagaur	-	-	-
Dhabwali	-	-	-
All India	1130	1232	-102

Spot Market Technical Analysis of Guar seed & Guar gum



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

Prices continued the overall weak tone after recovering to certain extent. Selling pressure at higher levels weighed on the market. For the decline in prices from Rs. 33000 till Rs. 16000 levels, prices witnessed 38.2% recovery and then continued the weak tone. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. RSI is declining in the neutral region supporting weakness in the near – term. On the downside there is support at Rs.12450/Qtl. On breaking this level, prices will move towards Rs.11500/Qtl levels. On the upside there is resistance at Rs.20000/Qtl levels and Rs.22530/Qtl levels respectively.

Prices are likely to trend towards Rs.12000 levels in the medium –term.

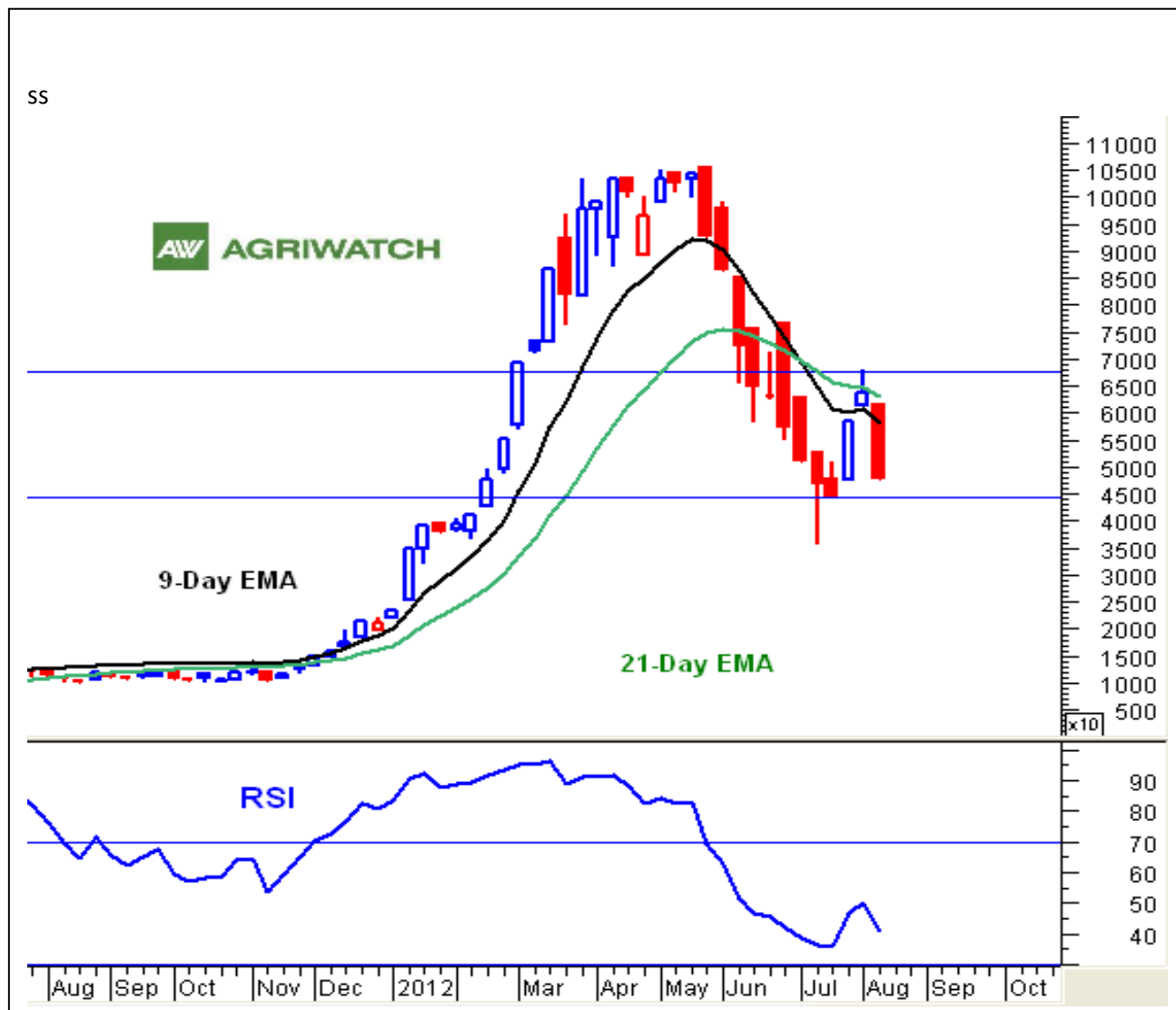


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices moved in tandem with guar seed prices and closed at week's low. Selling pressure at higher levels weighed on the market. MACD has entered the negative territory supporting the overall weak tone of the market. Prices are likely to decline towards Rs.40000/Qtl levels in the near –term. RSI is declining in the neutral region supporting weakness in the near –term. On the downside there is support at Rs.45000/Qtl levels. The next support is at Rs.40000/Qtl levels. Prices are likely to test these levels in the coming days. On the upside there is resistance at Rs.60000/Qtl and Rs.66700/Qtl levels respectively.

Prices are likely to continue the overall weak tone towards Rs.40000/Qtl levels.



Spot Market Outlook:

Both Guar seed and Guar gum prices are likely to continue weakness in the coming days. Buyers are advised to wait for better buying levels.

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