

Domestic Market Recap:

- Guar seed and guar gum prices continued weak tone during the week except slight firmness in Bikaner market.
- Demand of guar seed for sowing purpose increased in Bikaner following rains during the week.
- Sowing activities are picking up in the rain –fed areas of Rajasthan amid rains in the growing regions.
- Sowing activity is complete in Haryana and according to trade sources, acreage is likely to increase by three times during the season compared to previous season.
- According to IMD, more rains are expected in north –west India and Gujarat in the near –term. Sowing progress will be clear by this month.
- In the overseas market, certain alternatives to guar gum in various applications have been launched.

Current Market Dynamics

Guar seed and guar gum prices continued weak tone during the week. Rains in the major growing states of Rajasthan, Haryana and Gujarat have revived hopes of increase in acreage by two –three times during the season compared to previous year. Sowing progress will be clear by this month.

In Rajasthan, sowing of guar seed in the growing regions is picking up following rains during the week. More rains in the coming days will help in sowing activities. According to trade sources, sowing is complete in Haryana and acreage is expected to increase two –three times during the season compared to previous year. In Gujarat sowing activities are picking up in the growing regions. More rains expected in the coming days will help in sowing. Guar has been shown in certain states like Madhya Pradesh, Maharashtra, Andhra Pradesh. There is no official estimates of acreage in these states.

Sowing progress will be clear by this month and as of date acreage is expected to increase two –three times during the season. FMC is likely to take decision on re –launching of guar complex futures by this month. Expected higher production will help in easing of prices and increased demand from the oil companies in the overseas markets.

Guar gum primarily derived from guar seed is used in hydraulic fracturing. With more private companies being allowed into oil drilling business in the U.S., demand for guar gum has increased during last one year. Higher price of guar gum amid lower output and good demand has affected the profit –margins of the oil companies in the overseas markets. In –house research is going on for guar gum alternatives. AquaPerm and PermStim, the two substitutes have been released from the laboratory of Baker Hughes and Haliburton Company.

Baker Hughes said it replaced 5 percent of its guar with AquaPerm last quarter, and that this share could double by the end of this year. Any cost advantage they bring will depend on the price of guar gum during this season. Companies like Trican and Nabors in America are also working on its in –house guar gum substitute.

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.

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

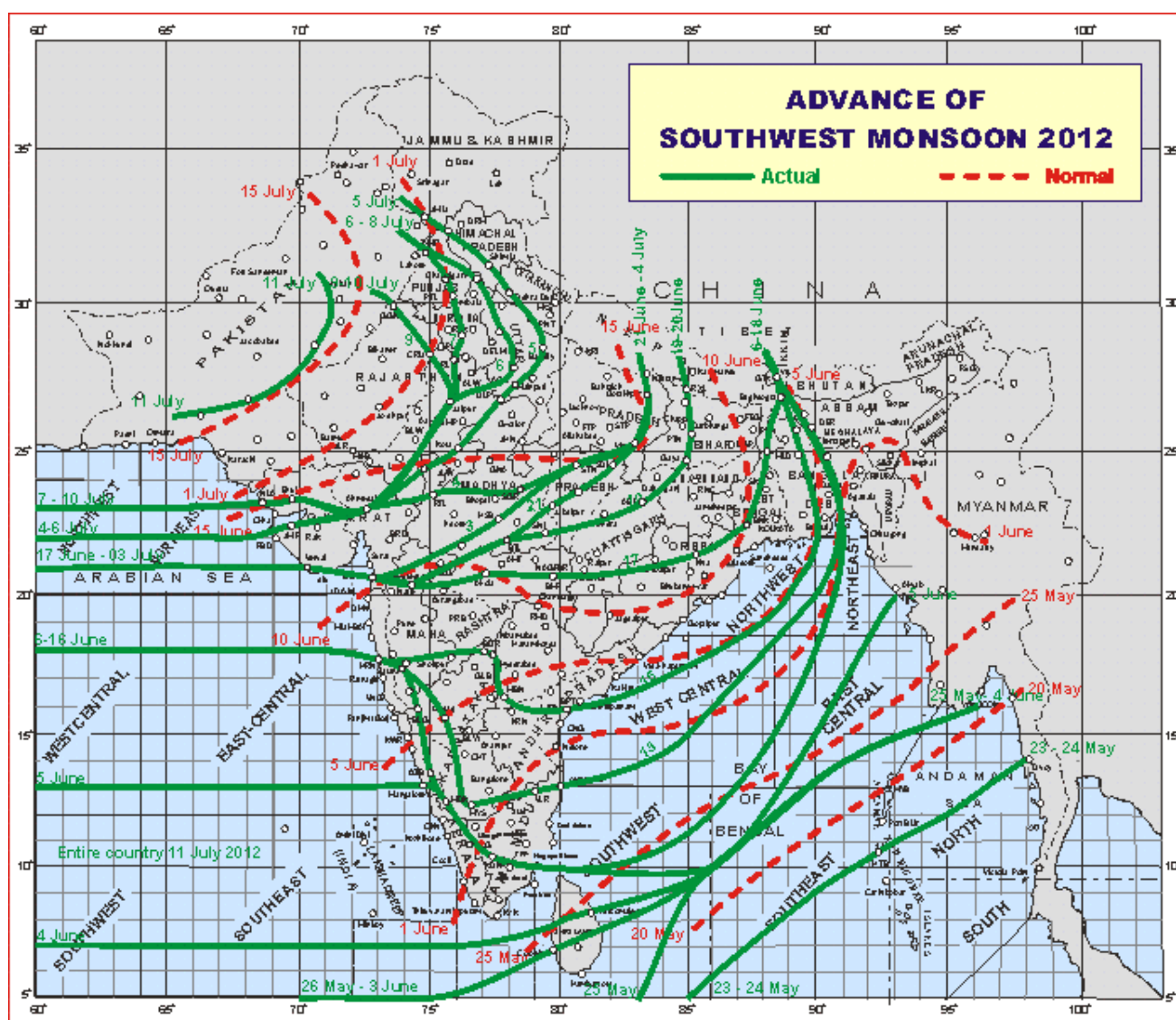
As per market participants, initial expectation of higher output during the season has been revived following rains in the growing regions. Sowing activities in rain –fed areas is expected to pick up in the coming days. Sowing is complete in Haryana and acreage is expected to increase by three times during the season. Sowing can be done in Gujarat and Rajasthan for another 7 -10 days. Progress of south –west monsoon in the rain – fed areas for another ten days will determine total acreage.

Guar seed sowing has so far covered around 1.86 million hectares in Rajasthan as on 14th August 2012 as against 2.09 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

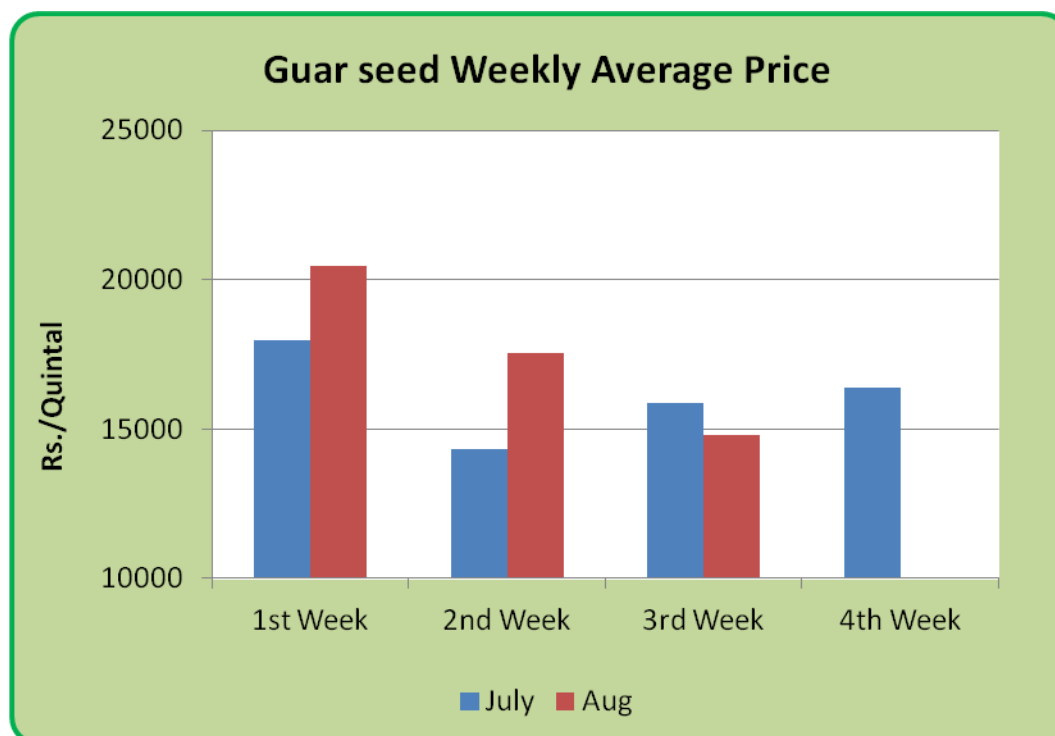
According to IMD, out of 36 meteorological subdivisions, the rainfall has been excess/normal in 20, deficient in 13 and scanty in 03 sub-divisions (Punjab, Haryana, Chandigarh & Delhi and Saurashtra & Kutch) till 15th August 2012. In area-wise distribution, 53% area of the country received excess/normal rainfall. Remaining 47% area received deficient/scanty rainfall. For the country as a whole, seasonal rainfall up to 15 August 2012 was 15% below the LPA against 17% by the end of last week ending 8th August.

According to IMD, western Himalayan region would receive rainfall at a few places during first half and at most places with heavy to very heavy rains at a few places thereafter. Rainfall activity would occur at isolated places over plains of northwest India during first half and increase during the second half of the week. The picture below shows the progress of rain till date in India.

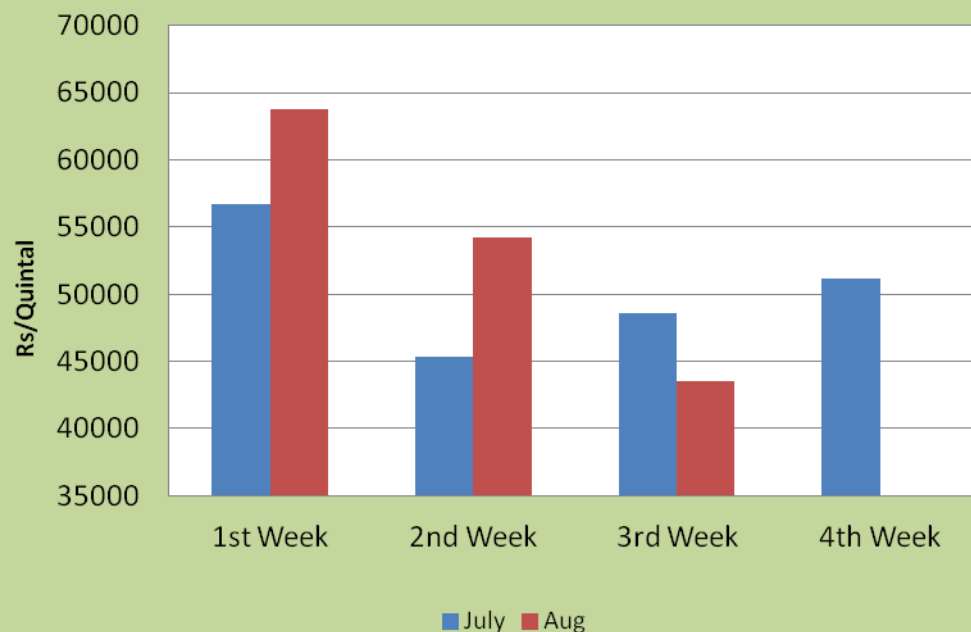


Price Scenario

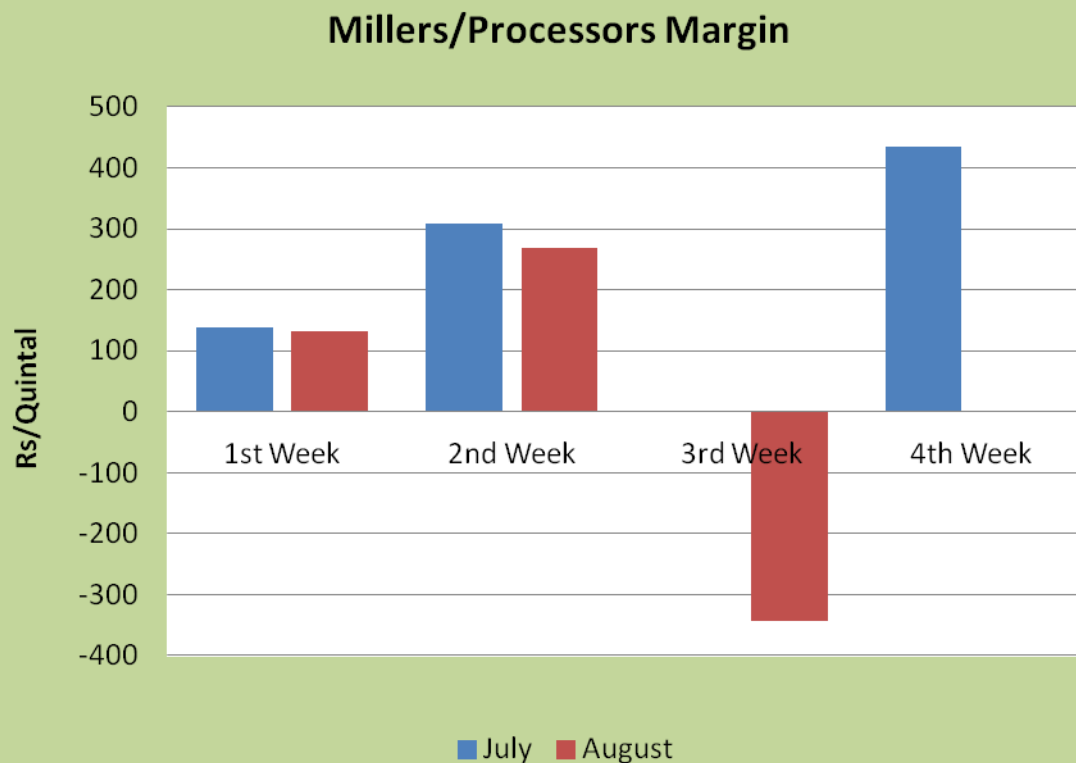
Guar seed and guar gum prices continued weak tone during the week. In the third week of August, the average price of guar seed declined by 16% to Rs.14800/Qtl and that of guar gum declined by 20% to Rs.43500/Qtl compared to previous week. The graph below illustrates the weekly average price movement of guar seed and guar gum in Jodhpur market.



Guar gum Weekly Average Price



Millers/Processors Margin





As seen in the chart above, the crushing margin of guar seed declined compared to previous week. Margin declined following decline in the price of guar gum. Guar gum prices declined more in comparison to guar seed prices. In the current week of August, average crush margin stood at -Rs. 344.50/Quintal compared to previous week's crush margin of Rs. 267.80/Quintal. Margin could increase in the near –term amid expected decline in the price of guar seed following increase in acreage during the season.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		17.8.2012	11.8.2012	
Guar Seeds	Jodhpur (Delivery)	14500	15200	-700
	Jodhpur (Loose)	13000	14000	-1000
	Bikaner (Loose)	16000	14500	+1500
	Bikaner (Delivery)	16500	15000	+1500
	Nokha (Loose)	15000	15000	Unch
	Hanumangarh (Loose)	-	-	-
	Sri-Ganganagar (Delivery)	13500	15500	-2000
	Adampur (Loose)	13600	-	-
	Sirsa (Loose)	13500	14200	-700
	Bhiwani (Delivery)	14000	-	-
	Deesa (Loose)	15800	16150	-350
	Nagaur (Loose)	-	-	-
	Dhabwali (Loose)	-	-	-
Guar Gum	Jodhpur	42000	48000	-6000
	Bhiwani	43000	-	-
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		17.8.2012	11.8.2012
Churi	Jodhpur	1000	1060
Korma	Jodhpur	1700	1700

Guar Export Prices:

Commodity	Variety	\$/MT	
		17.8.2012	11.8.2012
Guargum Split		-	8800
Guargum Powder	200 Mesh 5000 CPS	-	10000
	200 Mesh 3500 CPS	-	9900
Guargum Meal		-	400

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 17.8.12	Week Ending 11.8.12	
Jodhpur	825	1000	-175
Bikaner	30	30	Unch
Nokha	15	15	Unch
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	102	-	-
Sirsa	-	-	-
Bhiwani	-	-	-
Deesa	74	85	-11
Nagaur	-	-	-
Dhabwali	-	-	-
All India	1047	1130	-83

Spot Market Technical Analysis of Guar seed & Guar gum

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

Prices witnessed sideways to bearish tone during the week. Continuation of selling pressure weighed on the market. Prices are holding below 9 –Day and 21 –Day EMA supporting the overall weak tone of the market. Prices witnessed short –term recovery and are currently trading lower. RSI is steady in the neutral region denoting sideways trading. On the downside there is support at Rs.12450/Qtl. The next support is at Rs.11500/Qtl. Prices are likely to trend towards these levels in the medium –term. On the upside there is resistance at Rs.18200/Qtl and Rs.20000/Qtl levels respectively.

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

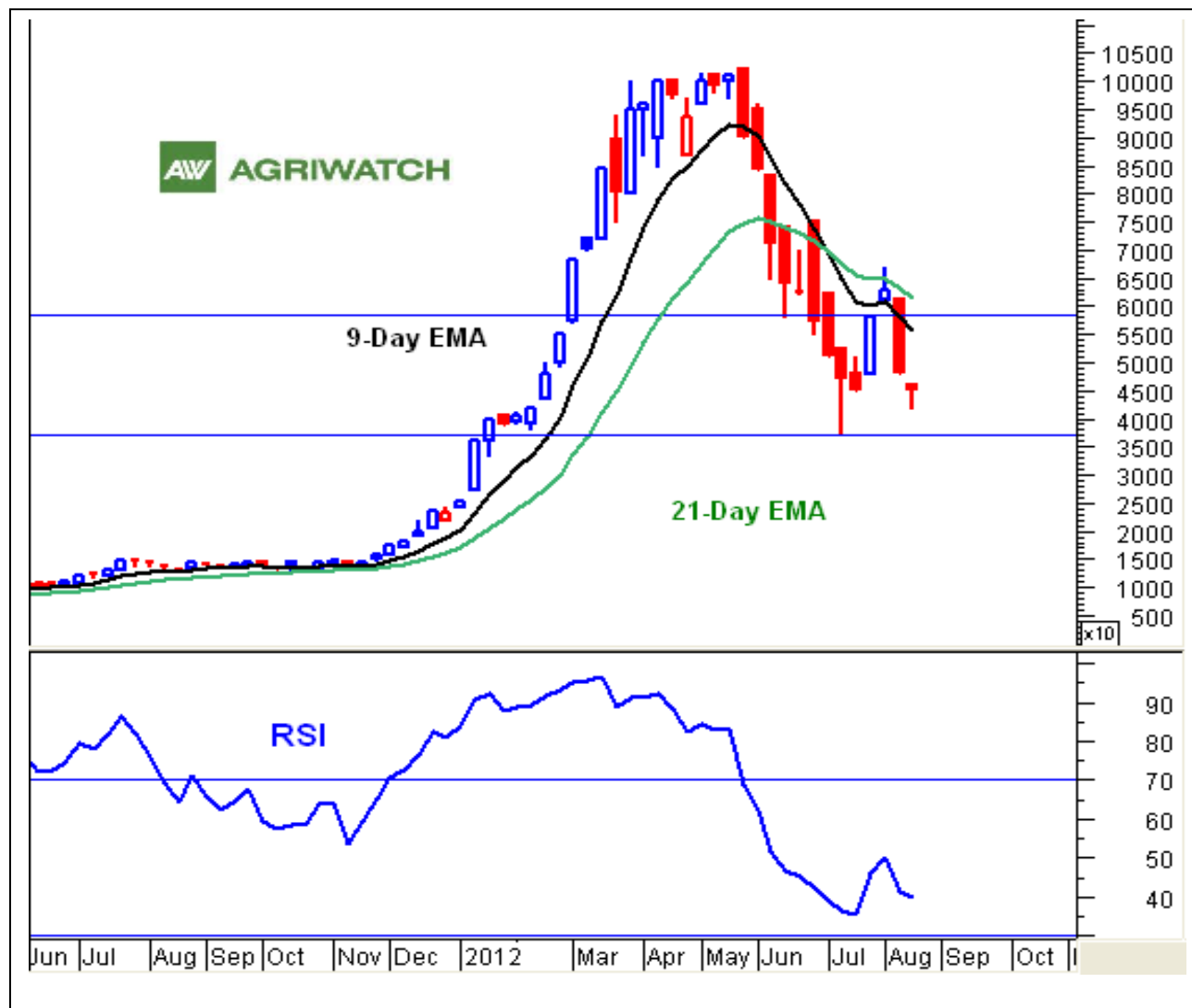


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices moved in accordance with guar seed prices during the week with slight recovery in between. Profit –booking around higher levels weighed on the market. Stochastic oscillator is declining in the neutral region supporting weakness in the near –term. Break out below Rs.50000 levels denotes further weakness in the near –term. MACD has entered the negative territory supporting the overall weak tone of the market. On the downside there is support at Rs.37200/Qtl. The next support is at Rs.33000/Qtl levels. On the upside there is resistance at Rs.50000/Qtl and Rs.57000/Qtl levels respectively. Traders are advised to wait for better buying levels in the medium –term.

Prices are likely to continue the overall weak tone towards Rs.33000/Qtl levels.

Spot Market Outlook:

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

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