

Domestic Market Recap:

- Guar seed and guar gum prices continued weak tone during a short week as market remained closed for two days.
- Heavy rains have been reported in certain guar seed growing regions of Rajasthan. This will be beneficial for the crop.
- Expectation of higher crop output during the season compared to previous year weighed on prices.
- Sowing of guar seed is complete in Rajasthan and Haryana and is likely to be completed in Gujarat by this month.
- According to IMD, rains are expected in Rajasthan, Haryana and Gujarat in the near –term.
- Progress of rainfall will influence the market in the coming days.

Current Market Dynamics

Guar seed and guar gum prices noticed weak tone during the week with prices moving towards Rs.10000/Qtl levels. During this month, there has been sufficient rains in the growing regions and sowing activities picked up. More rains will be beneficial for the crop and output is expected to be higher this season compared to previous year.

In Rajasthan and Haryana sowing is completed. According to trade sources, acreage in these states is expected to be three times more compared to previous season. In Gujarat sowing is likely to be completed by this week following delay in monsoon. More rains are expected in the coming days and this will be beneficial for the crop. Rains in the month of September will influence the size of the crop.

FMC is likely to re-launch trading in guar complex futures after assessing kharif crop. If the crop out is sizeable to meet demand, it might allow trading in guar complex. Decision will be taken accordingly.

Oil companies in the overseas market are eyeing the development of guar seed crop in India. Expected higher crop output will weigh on prices. Lower prices will help in providing good margins to the oil companies, which use guar gum for oil fracturing. Last year the profit margins of oil companies had been affected following higher cost of 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

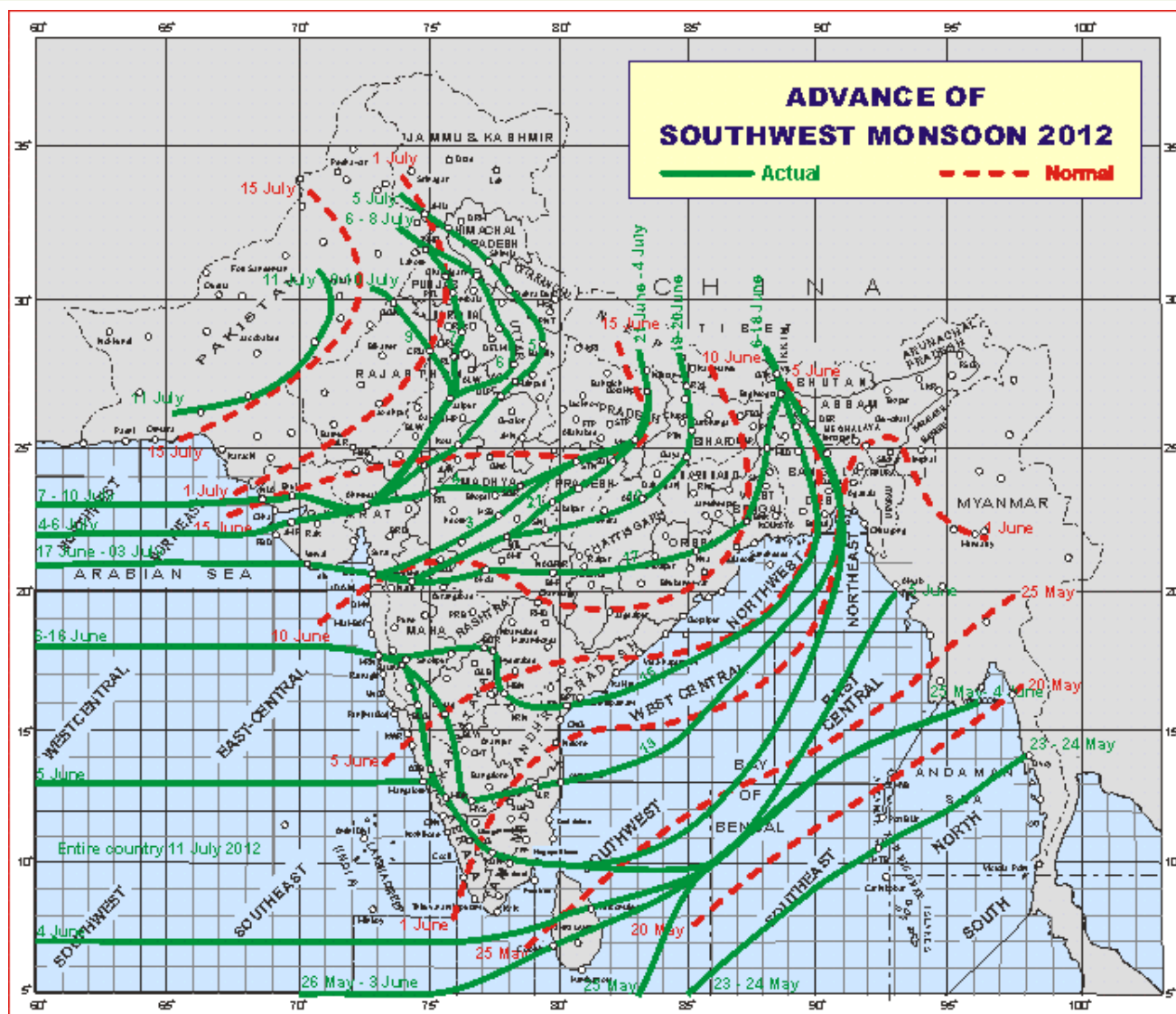
As per market participants, initial expectation of higher output during the season has been revived following good rains in the growing regions. Sowing activities are complete in Rajasthan and Haryana and is expected to be completed in Gujarat by this week. According to trade sources, acreage in Rajasthan and Haryana is expected to be three times more compared to previous season.

Guar seed sowing has so far covered around 2.66 million hectares in Rajasthan as on 21st August 2012 as against 2.61 million hectares during the same period previous year. According to State Agricultural sources, acreage under guar seed in Gujarat till 20th August 2012 is reported at 178000 hectares compared to 114800 hectares during the same period last year.

Weather Watch

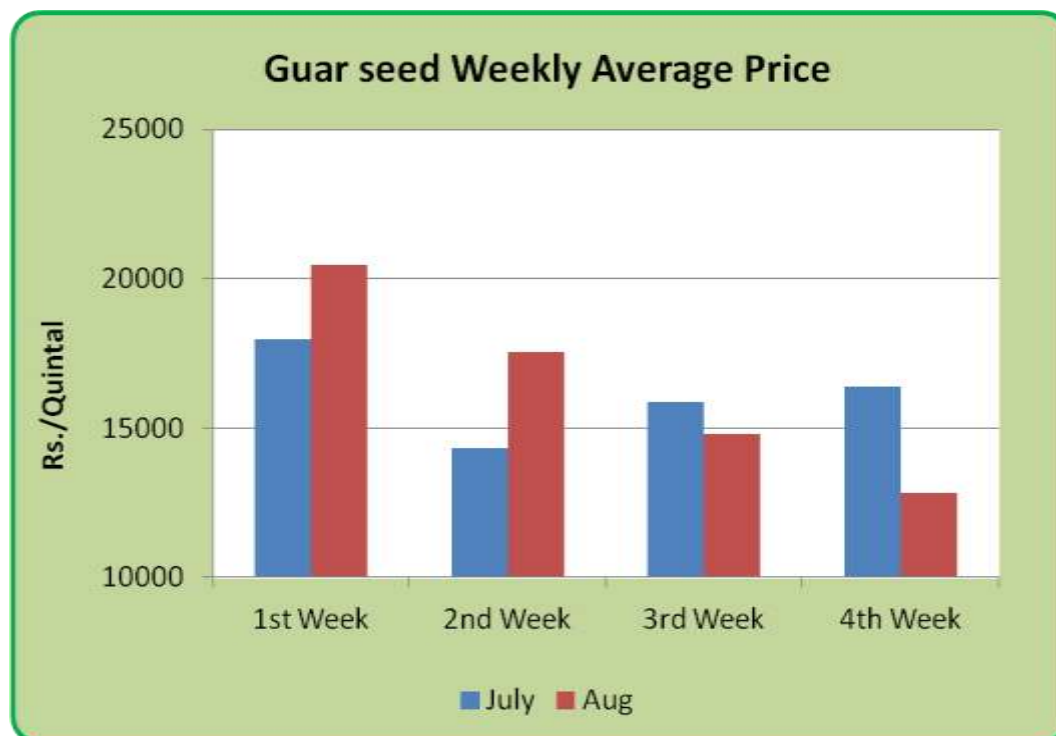
According to IMD, out of 36 meteorological subdivisions, the rainfall has been excess/normal in 20, deficient in 14 and scanty in 02 sub-divisions (Punjab and Saurashtra & Kutch). In area-wise distribution, 55% area of the country received excess/normal rainfall. Remaining 45% area received deficient/scanty rainfall. For the country as a whole, seasonal rainfall up to 22nd August 2012 was 14% below the LPA against 15% by the end of last week ending 15th August. 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, rain/thundershowers would occur at many places over western Himalayan region and plains of northwest India during this week. Rainfall has covered the state of Rajasthan and heavy rains were reported over few places during the week.

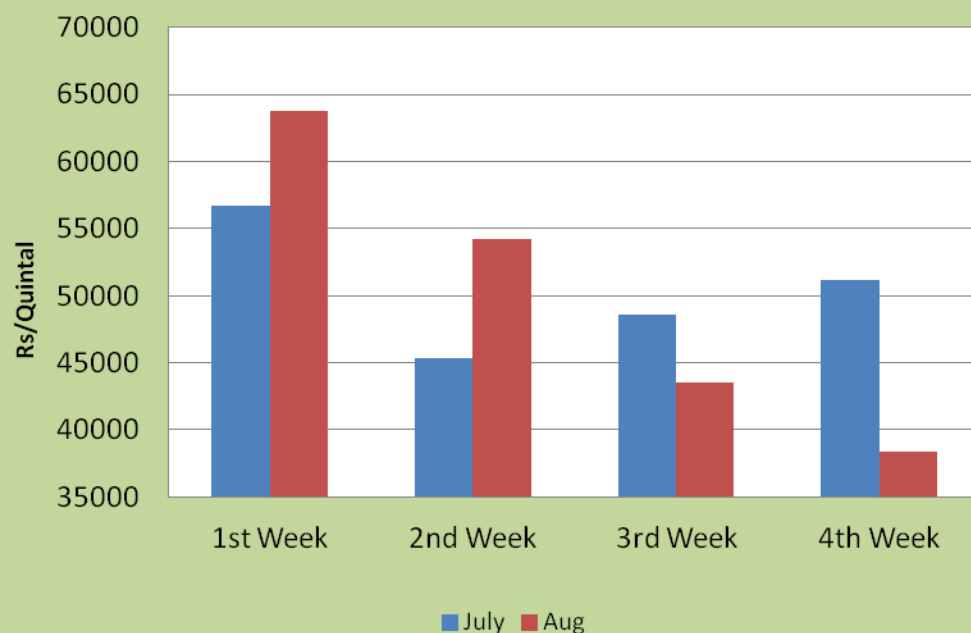


Price Scenario

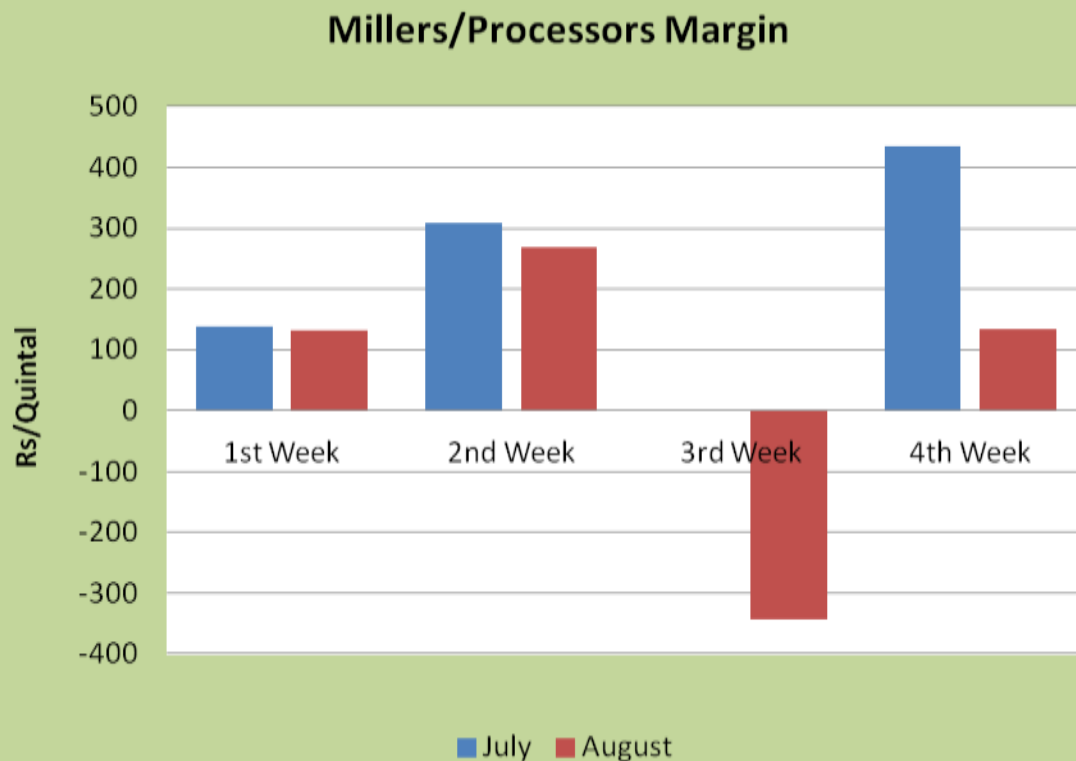
Guar seed and guar gum prices noticed weak tone during the week. In the fourth week of August, the average price of guar seed declined by 13% to Rs.12830/Qtl and that of guar gum declined by 12% to Rs.38330/Qtl compared to previous week. The graph below illustrates the weekly average price movement of 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 improved compared to previous week. Margin increased following decline in the price of guar seed and increase in the price of churi and korma. Guar seed prices declined more in comparison to guar gum prices. In the current week of August, average crush margin stood at Rs. 133.67/Quintal compared to previous week's crush margin of -Rs. 344.50/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
		24.8.2012	17.8.2012	
Guar Seeds	Jodhpur (Delivery)	10500	14500	-4000
	Jodhpur (Loose)	9500	13000	-3500
	Bikaner (Loose)	10000	16000	-6000
	Bikaner (Delivery)	10500	16500	-6000
	Nokha (Loose)	12000	15000	-3000
	Hanumangarh (Loose)	-	-	-
	Sri-Ganganagar (Delivery)	11500	13500	-2000
	Adampur (Loose)	11000	13600	-2600
	Sirsa (Loose)	12000	13500	-1500
	Bhiwani (Delivery)	13000	14000	-1000
	Deesa (Loose)	-	15800	-
	Nagaur (Loose)	-	-	-
	Dhabwali (Loose)	-	-	-
	Jodhpur	30000	42000	-12000
Guar Gum	Bhiwani	35000	43000	-8000
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		24.8.2012	17.8.2012
Churi	Jodhpur	1000	1000
Korma	Jodhpur	1850	1700

Guar Export Prices:

Commodity	Variety	\$/MT	
		24.8.2012	17.8.2012
Guargum Split		6500	-
Guargum Powder	200 Me sh 5000 CPS	7500	-
	200 Me sh 3500 CPS	7200	-
Guargum Meal		350	-

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 24.8.12	Week Ending 17.8.12	
Jodhpur	720	825	-105
Bikaner	94	30	-64
Nokha	15	15	Unch
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	85	102	-17
Sirsa	-	-	
Bhiwani	-	-	
Deesa	64	74	-10
Nagaur	-	-	
Dhabwali	-	-	
All India	978	1047	-69

Spot Market Technical Analysis of Guar seed & Guar gum

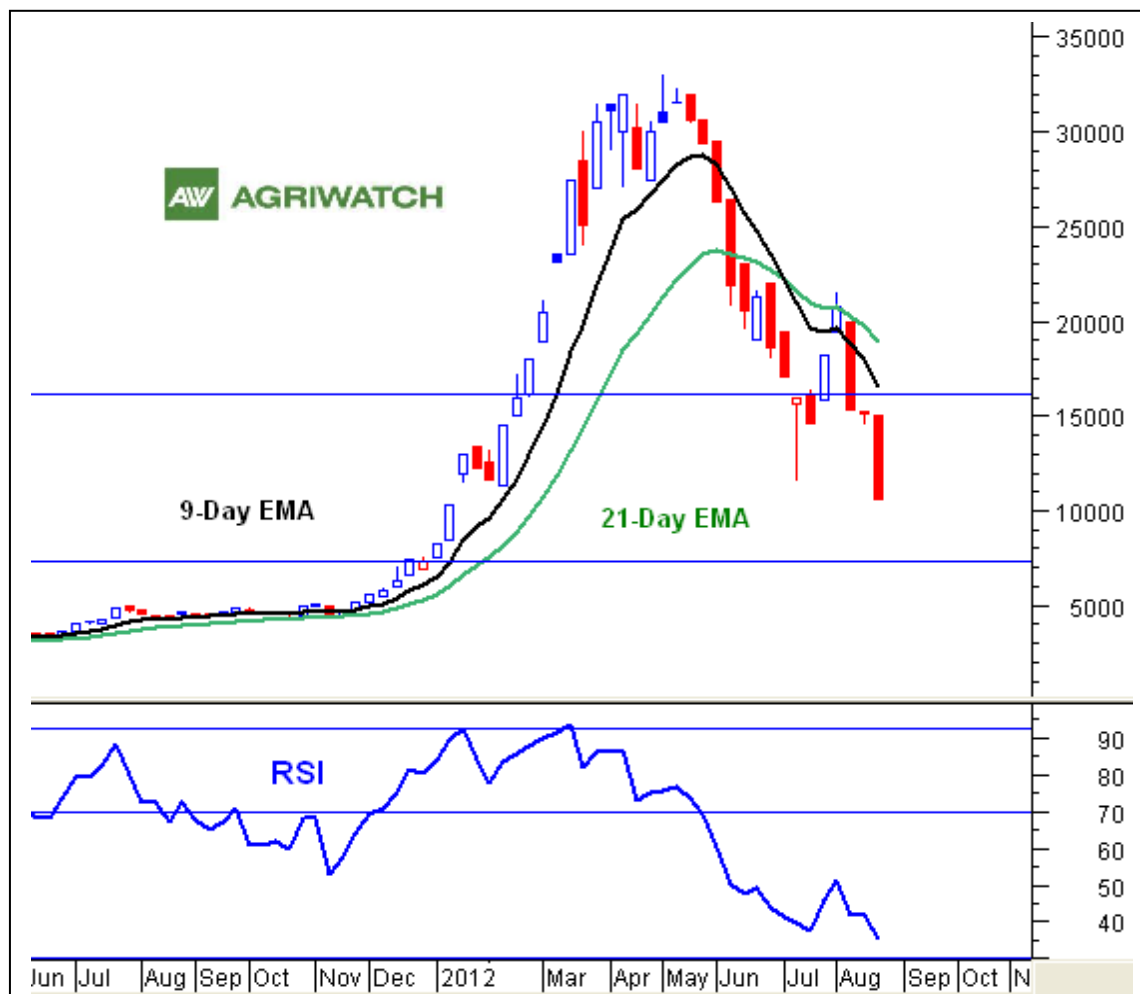


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices recorded at lows during the week. Profit –booking around current levels weighed on the market. Prices are likely to continue the weak tone in the coming days. Stochastic oscillator is declining in the neutral region supporting some recovery in the near –term. Any recovery should be considered as good selling opportunity. MACD has entered the negative territory adding to the overall weak tone of the market. Prices will find support around Rs.8450/Qtl levels. The next support is at Rs.7300/Qtl levels. On the upside there is resistance at Rs.15000/Qtl and Rs.16130/Qtl respectively.

Prices are likely to continue the weak tone towards Rs.7000/Qtl levels in the near –term.

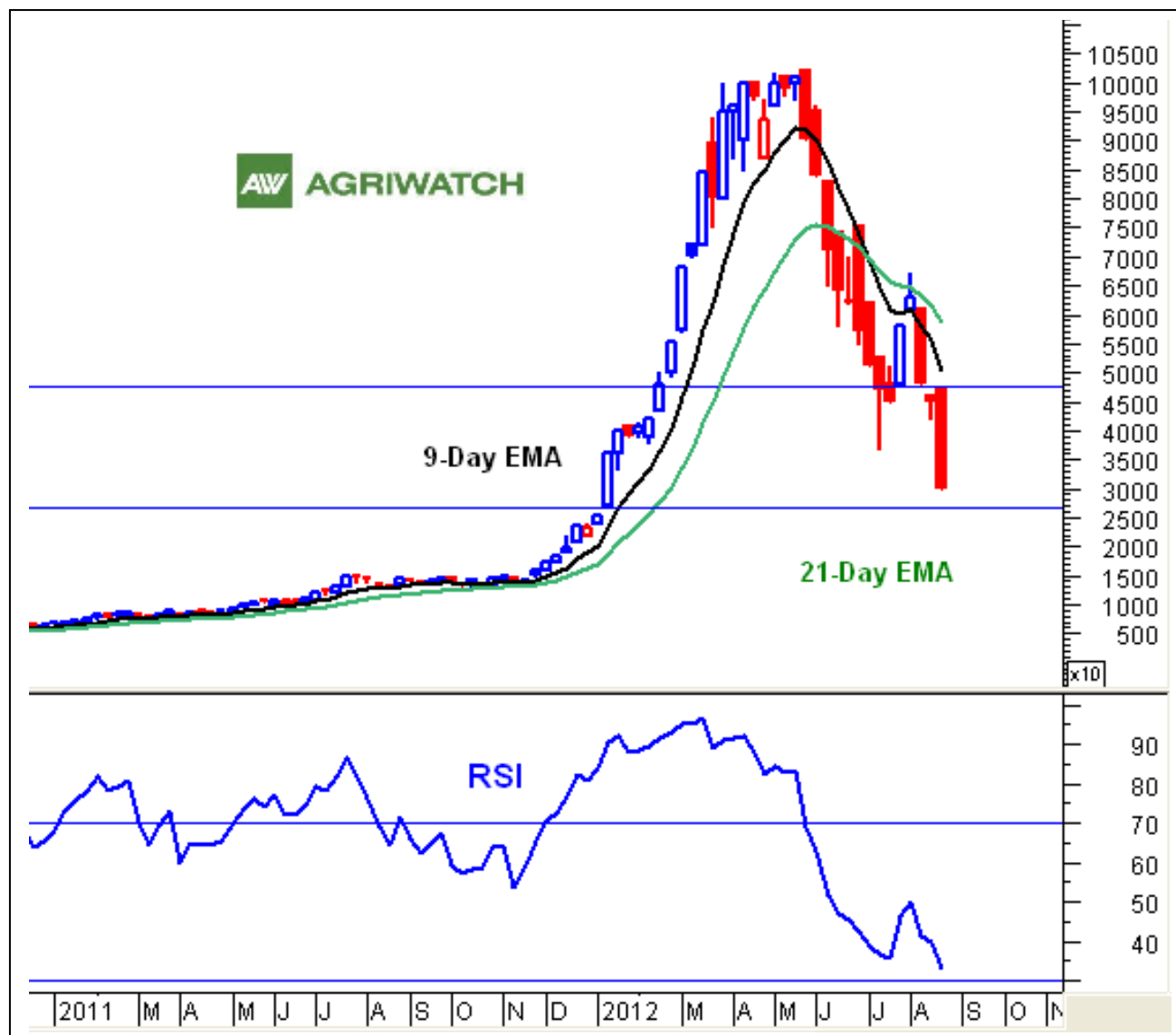


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur)

Guar gum prices moved in tandem with guar seed with prices recording around lows during the week. Selling pressure around current levels continue to weigh on prices. Prices could witness some recovery in the near – term within overall bearish scenario of the market. Prices are holding below 9 –Day and 21 –Day EMA supporting the 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.26830/Qtl levels. The next support is at Rs.25000/Qtl levels. Prices will find resistance around Rs.40000/Qtl and Rs.47500/Qtl levels respectively. Traders are advised to wait for better buying levels in the medium –term.

Prices are likely to trend towards Rs.25000/Qtl levels in the medium –term.



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.

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.