

Domestic Market Recap:

- Guar seed and guar gum prices noticed weak tone during the week in continuation of previous weeks.
- Guar seed prices are trading below Rs.10000/Qtl levels.
- Till date acreage is reported to be higher in the major growing states of Rajasthan, Haryana and Gujarat compared to previous year.
- Rainfall in the month of September will determine crop output.
- Buyers are waiting for better buying levels in the medium –term.
- According to IMD, rainfall is expected in the plains of north-west India in the coming week.

Current Market Dynamics

Guar seed and guar gum prices continued weak tone during the week and as expected guar seed prices eased below Rs.10000/Qtl levels. Anticipation of higher crop output during this season is weighing on prices. Currently there are no stocks of guar seed and new crop arrival is expected in October –November.

Sowing activities are complete in Rajasthan and Haryana. It is almost complete in Gujarat. Sowing has been late during the season following delay in the onset of south –west monsoon. In many areas, farmers have shifted acreage from bajra, cotton and moong towards guar seed. Acreage is reported to be three times higher compared to previous season in the states of Rajasthan and Haryana. In Gujarat, till date acreage is reported to be higher. According to trade sources, more rainfall in September could affect crop output. Rainfall in the coming days will determine crop output during the season and will give further direction to the market.

Most of the mills remain closed as there are no stocks of guar seed in the market. There is very little arrivals of guar crop in Sri-Ganganagar and Deesa markets. Demand remains normal for the guar crop in the ready market. Expected higher crop output will weigh on the market in the medium –term.

Trading in guar complex futures had stopped in March 2012 following rise in prices amid lower output and good demand. FMC is likely to launch new contracts in guar after studying the size of the kharif guar crop. In order to provide fair practices in the market, the crop output should be sizeable enough to meet demand. Preliminary crop estimates are likely by third week of September –October.

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. •According to trade sources, production of guar seed is expected to increase by atleast 50 percent this season in case of scanty rainfall. Output of guar seed is estimated to be 19-20 lakh metric tonnes compared to 12.5 lakh metric tonnes in the previous season.

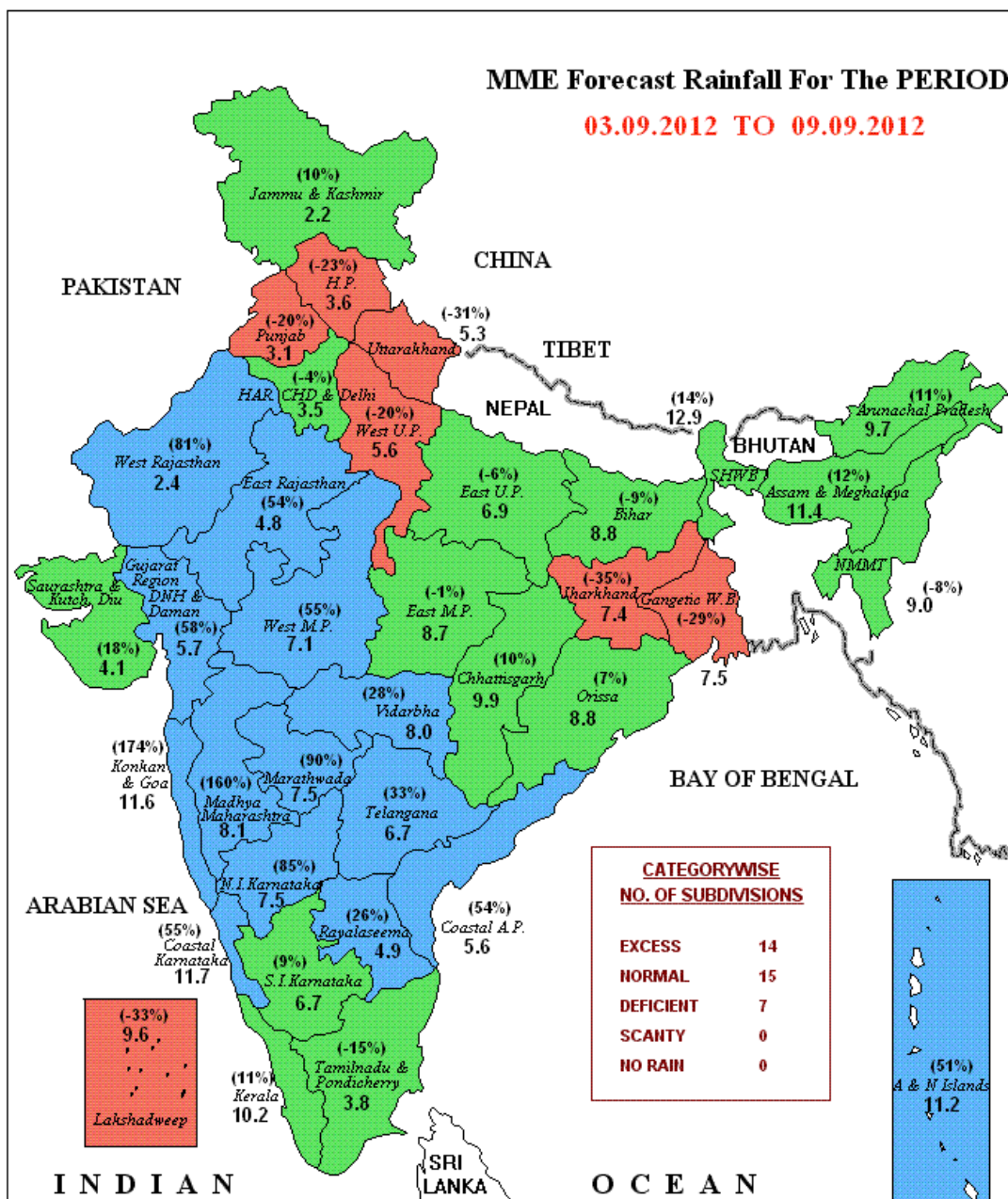
Guar seed sowing has so far covered around 2.66 million hectares in Rajasthan as on 21st August 2012 as against 2.61 million hectares during the same period previous year. According to State Agricultural sources, acreage under guar seed in Gujarat till 27th August 2012 is reported at 187000 hectares compared to 117600 hectares during the same period last year.

Weather Watch

According to IMD, out of 36 meteorological subdivisions, the rainfall has been excess/normal in 22, deficient in 13 and scanty in 01 sub-divisions (Saurashtra & Kutch) till 29th August 2012. In area-wise distribution, 68% area of the country received excess/normal rainfall. Remaining 32% area received deficient/scanty rainfall for the week ending 31st August 2012. For the country as a whole, seasonal rainfall up to 29 August 2012 was 12% below the LPA as against 14% by the end of last week ending 22nd August.

Fairly wide spread rainfall would also occur over central India, Gujarat and Rajasthan during next two days and decrease in the middle of the week. Scattered rainfall would occur over northwest India during first half of the week which will increase in the second half.

भारत मौसम विज्ञान विभाग INDIA METEOROLOGICAL DEPARTMENT



LEGEND: ■ EXCESS (+20% OR MORE) ■ NORMAL (+19% TO -19%) ■ DEFICIENT (-20% TO -59%)

■ SCANTY [-60% TO -99%] ■ NO RAIN [-100%] NO DATA

NOTES:

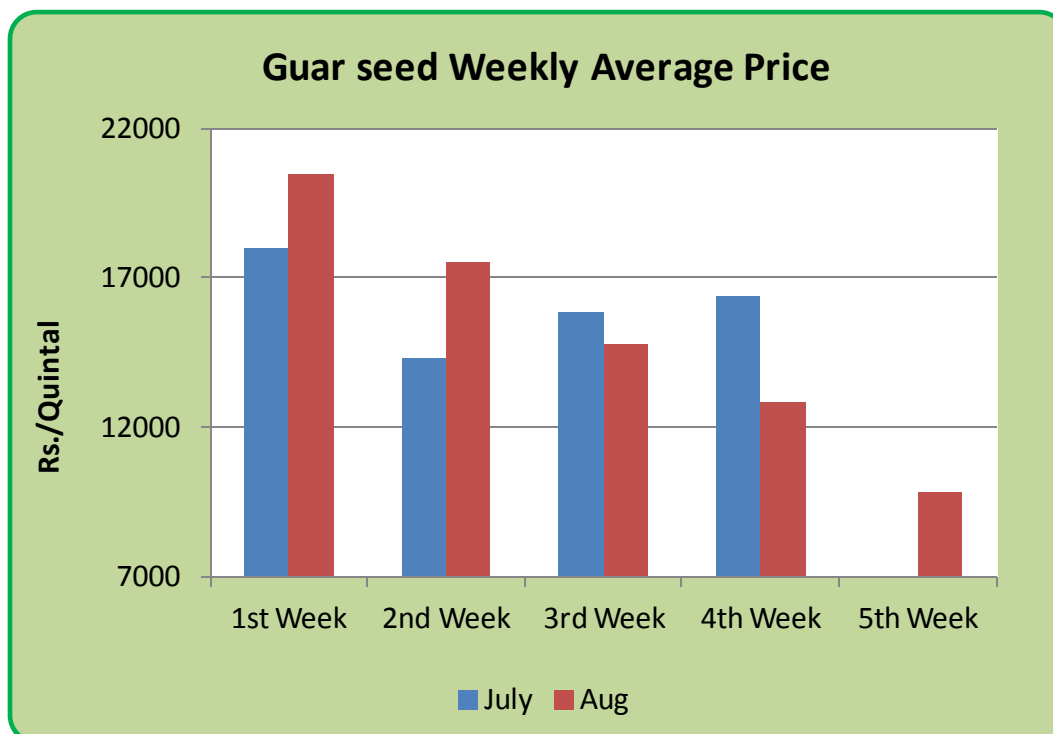
(a) Rainfall figures are based on MME Forecast.

(b) Bold figures indicate Forecast Normal rainfall (mm.)

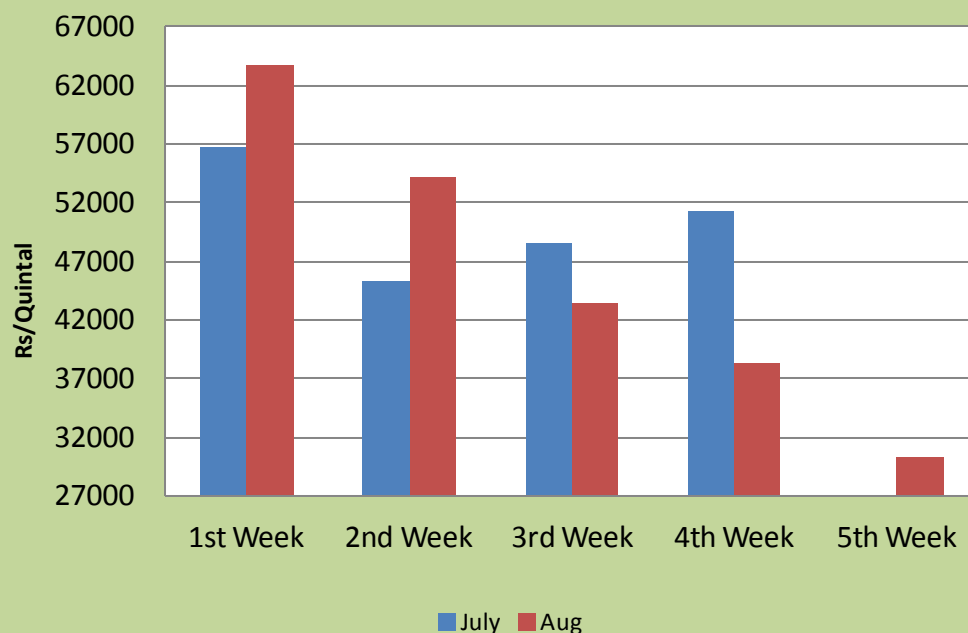
(c) Percentage Departures of Rainfall are shown in Brackets.

Price Scenario

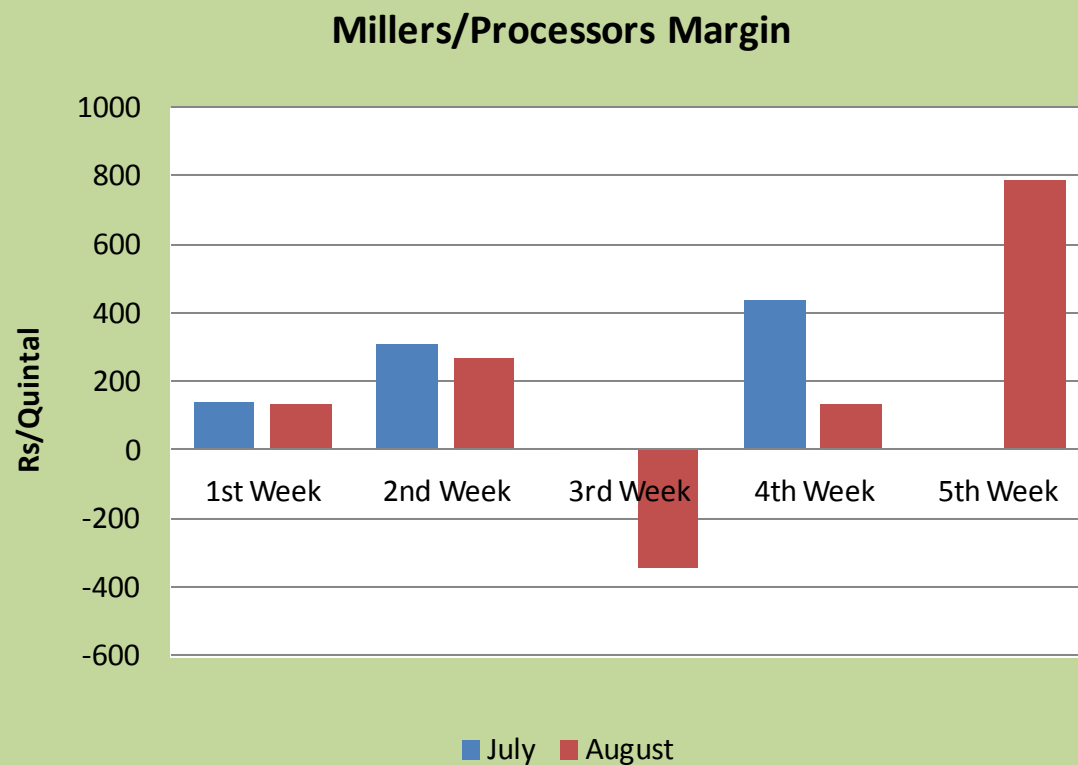
Guar seed and guar gum prices continued weak tone during the week. In the fifth week of August, the average price of guar seed declined by 23% to Rs.9860/Qtl and that of guar gum declined by 21% to Rs.30300/Qtl compared to previous week. The graph below illustrates the weekly average price movement of 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. Guar seed prices declined more in comparison to guar gum prices. In the current week of August, average crush margin stood at Rs. 785.13/Quintal compared to previous week's crush margin of Rs. 133.67/Quintal. Margin is expected to increase in the coming days following decline in the price of guar seed.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		31.8.2012	24.8.2012	
Guar Seeds	Jodhpur (Delivery)	9800	10500	-700
	Jodhpur (Loose)	9000	9500	-500
	Bikaner (Loose)	9000	10000	-1000
	Bikaner (Delivery)	9500	10500	-1000
	Nokha (Loose)	8000	12000	-4000
	Hanumangarh (Loose)	-	-	-
	Sri-Ganganagar (Delivery)	9000	11500	-2500
	Adampur (Loose)	9600	11000	-1400
	Sirsa (Loose)	10000	12000	-2000
	Bhiwani (Delivery)	11000	13000	-2000
	Deesa (Loose)	10140	-	-
	Nagaur (Loose)	-	-	-
	Dhabwali (Loose)	-	-	-
Guar Gum	Jodhpur	31000	30000	+1000
	Bhiwani	34000	35000	-1000
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		31.8.2012	24.8.2012
Churi	Jodhpur	1100	1000
Korma	Jodhpur	1950	1850

Guar Export Prices:

Commodity	Variety	\$/MT	
		31.8.2012	24.8.2012
Guargum Split		6000	6500
Guargum Powder	200 Mesh 5000 CPS	6800	7500
	200 Mesh 3500 CPS	6600	7200
Guargum Meal		350	350

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 31.8.12	Week Ending 24.8.12	
Jodhpur	700	720	-20
Bikaner	50	94	-44
Nokha	-	-	-
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	200	85	+115
Sirsa	-	-	-
Bhiwani	-	-	-
Deesa	82	64	+18
Nagaur	-	-	-
Dhabwali	-	-	-
All India	1032	978	+45

Spot Market Technical Analysis of Guar seed & Guar gum

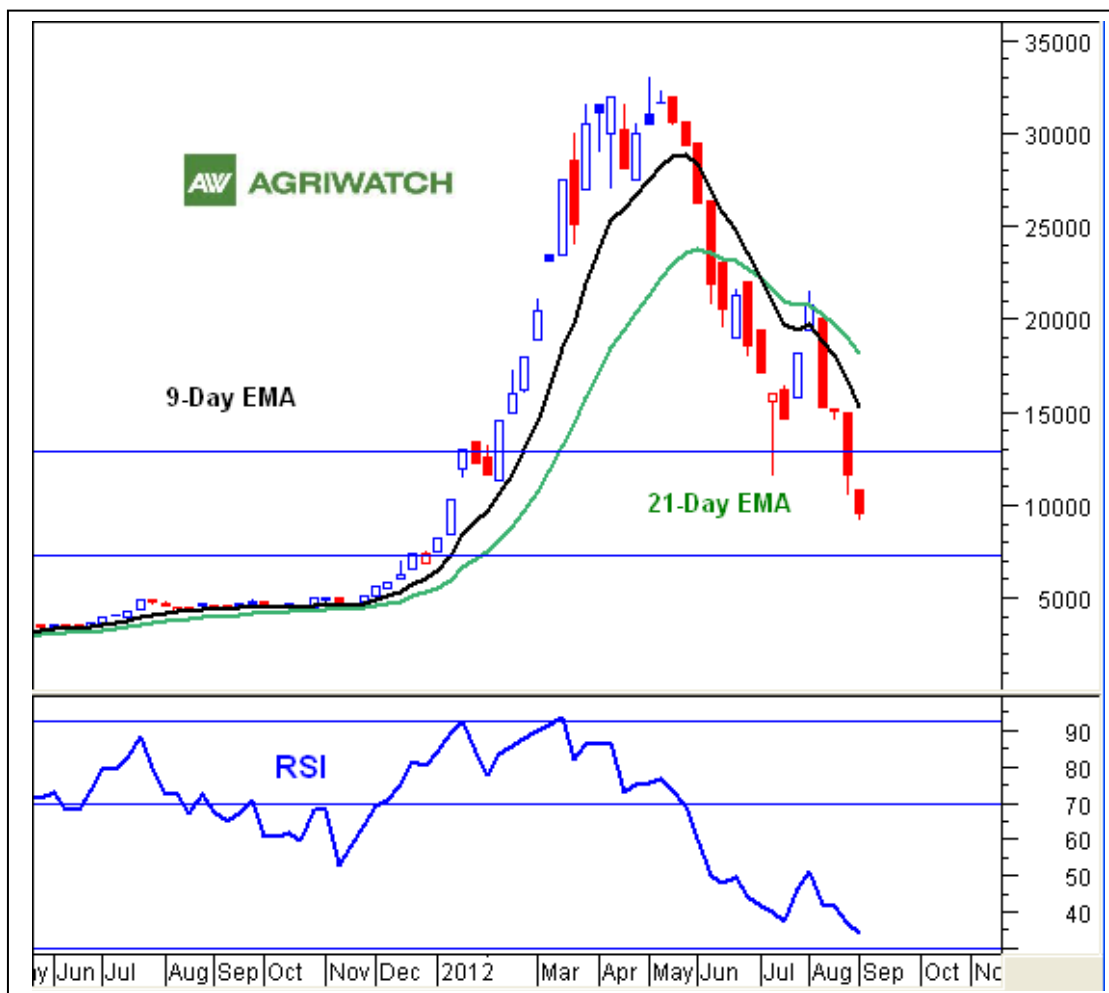


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices continued their weakness during the week. Continuation of selling pressure weighed on the market with prices trading below Rs.10000/Qtl levels. Prices are holding below the downtrend line in the daily chart. RSI is declining in the neutral region and prices are likely to enter the oversold region denoting weakness in the near –term. Prices could witness some recovery in between within the overall bearish scenario of the market. Any recovery in the near –term should be considered as good selling opportunity. 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.12900/Qtl and Rs.15000/Qtl levels respectively.

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



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

Guar gum prices declined during the week. Profit booking around current levels weighed on the market. Stochastic oscillator is declining in the oversold region denoting some recovery in the near –term. MACD has entered the negative territory adding to the overall weak tone of the market. Prices are likely to ease towards Rs.25000/Qtl levels in the coming days. Buyers can wait for better buying levels in the medium –term. Prices will find support around Rs.25000/Qtl levels. The next support is at Rs.23470/Qtl levels. On the upside there is resistance at Rs.36670/Qtl and Rs.40000/Qtl levels respectively.

Prices are likely to decline 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.

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