

Domestic Market Recap:

- Guar seed and guar gum prices continued weak tone during the week.
- The onset of south –west monsoon was delayed in the guar seed growing regions. Rains till date have helped to improve the deficit level and the crop is progressing well in the growing regions.
- Expected higher output during the season is weighing on prices.
- According to industry sources, exports of guar gum are likely to decline in the current season.
- According to IMD, rains are expected at certain places in Rajasthan, Punjab, Haryana and Gujarat region in the near –term.
- Rainfall in the coming days will determine the size of the crop.

Current Market Dynamics

Guar seed and guar gum prices closed lower during the week in continuation of the bearish tone. Selling pressure around current levels is weighing on the market. Crop is progressing well in the growing regions. Expectation of higher output during the season is adding to the weak tone of the market.

Farmers will be looking for another 2 -3 spells of rainfall in the month of September. The onset of south –west monsoon was delayed in the growing regions. Rainfall during the last few days has helped to reduce the overall deficit level and has been beneficial for the crop. Sowing is complete in Rajasthan and Haryana. It is almost complete in Gujarat. According to trade sources, more rainfall in the districts of Sikar and Jaipur might affect the crop. In certain areas of Punjab, the plant has been infected with disease. This represents only a small area of the total guar seed sown. Exact position will be clear by this month. Buyers are waiting for better buying levels in the medium –term.

According to the President of Indian Guar Gum Manufacturer's Association, the exports of guar gum in the current season could decline by 20% compared to 500,000 metric tonnes in the previous year. Higher stocks with oil fracking companies like Halliburton and slowdown in demand is likely to affect exports. Export enquiries are less as many oil companies have stocked up guar gum earlier. Prices have declined from Rs.33000/Qtl levels and are currently trading around Rs.8500-10000/Qtl levels. Till date no decision has been taken by FMC on re-launching of guar complex futures.

In the overseas markets, guar gum alternatives for use in food processing industry has been launched and this is likely to improve profit margin of the companies in the food processing sector.

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

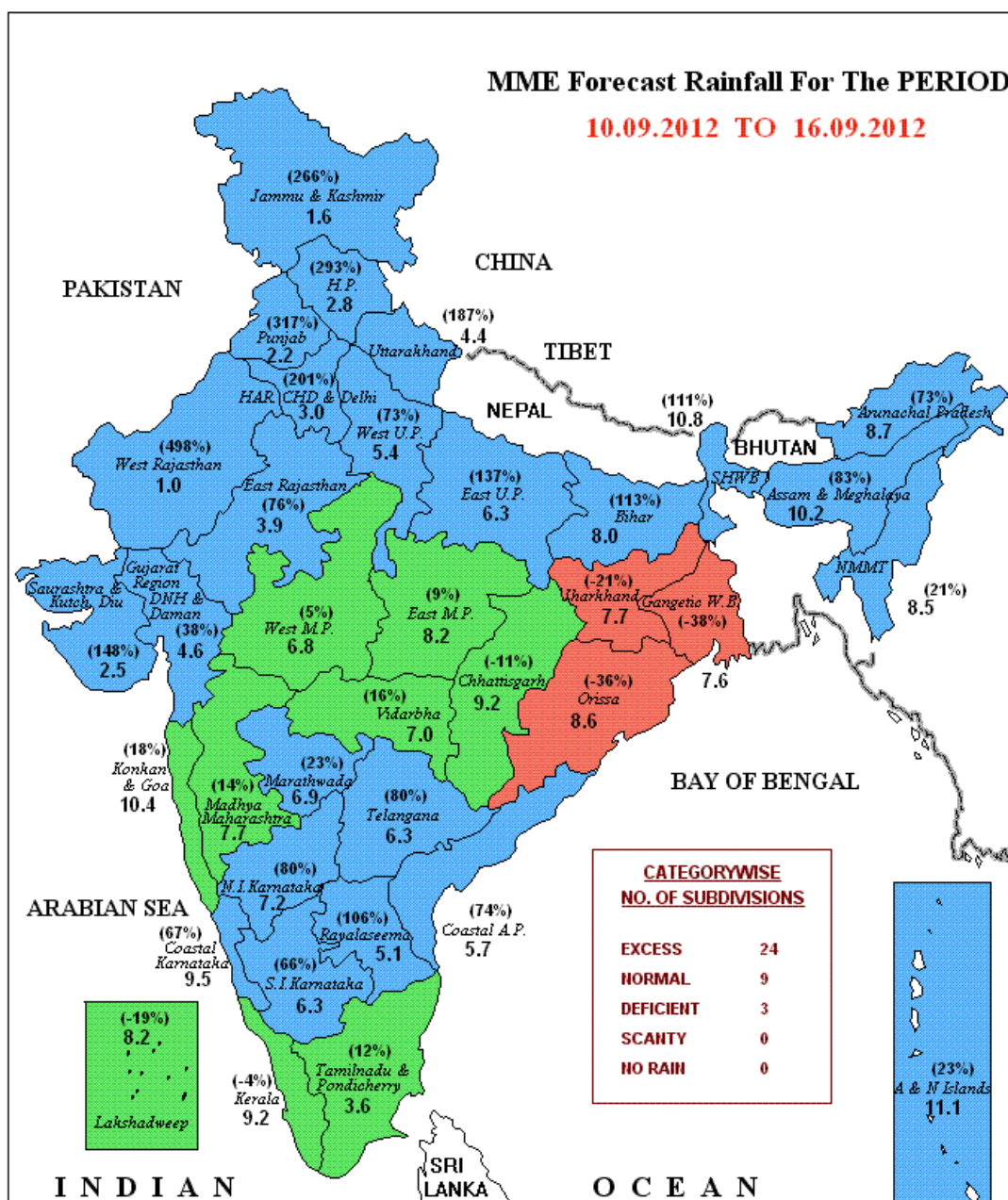
Guar seed sowing has so far covered around 3.01 million hectares in Rajasthan as on 31st August 2012 as against 2.76 million hectares during the same period previous year. In Haryana, guar seed has been sown in 3.52 lakh hectares till 29th August 2012 compared with 2.15 lakh hectares during the same period previous year. According to State Agricultural sources, acreage under guar seed in Gujarat till 3rd September 2012 is reported at 193700 hectares compared to 124800 hectares during the same period last year. 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. Exact yield position will be clear by this month.

In the current season, onset of south –west monsoon was delayed in the growing regions. However there has been good rainfall in August 2012. In September, rainfall is expected to be normal except Gujarat. Based on rainfall till date, yield should be atleast at last year's level in the states of Rajasthan and Haryana. In Gujarat assuming total rainfall to be below normal during June –September, yield is estimated to be around 300 Kg/Ha. Based on these yields, Agriwatch's production estimates of guar seed is expected to be around 20.31 lakh metric tonnes in the current season compared to 12.5 lakh metric tonnes in the previous season. Other states like Maharashtra, Madhya Pradesh. Andhra Pradesh could contribute some small amount, which is not clear as on date.

Weather Watch

According to IMD, out of 36 meteorological subdivisions, the rainfall has been excess/normal in 24, deficient in 11 and scanty in 01 sub-division (Saurashtra & Kutch). In area-wise distribution, 73% area of the country received excess/normal rainfall. Remaining 27% area received deficient/scanty rainfall. For the country as a whole, seasonal rainfall up to 05 September 2012 was 10% below the LPA as against 12% by the end of last week ending 29 August. Rain/thundershowers would at many places over west Rajasthan and Gujarat and decrease over Gujarat region after 24 hours. Rain/thundershowers would occur at a few places over Punjab and east Rajasthan in the near –term.

भारत मौसम विज्ञान विभाग INDIA METEOROLOGICAL DEPARTMENT



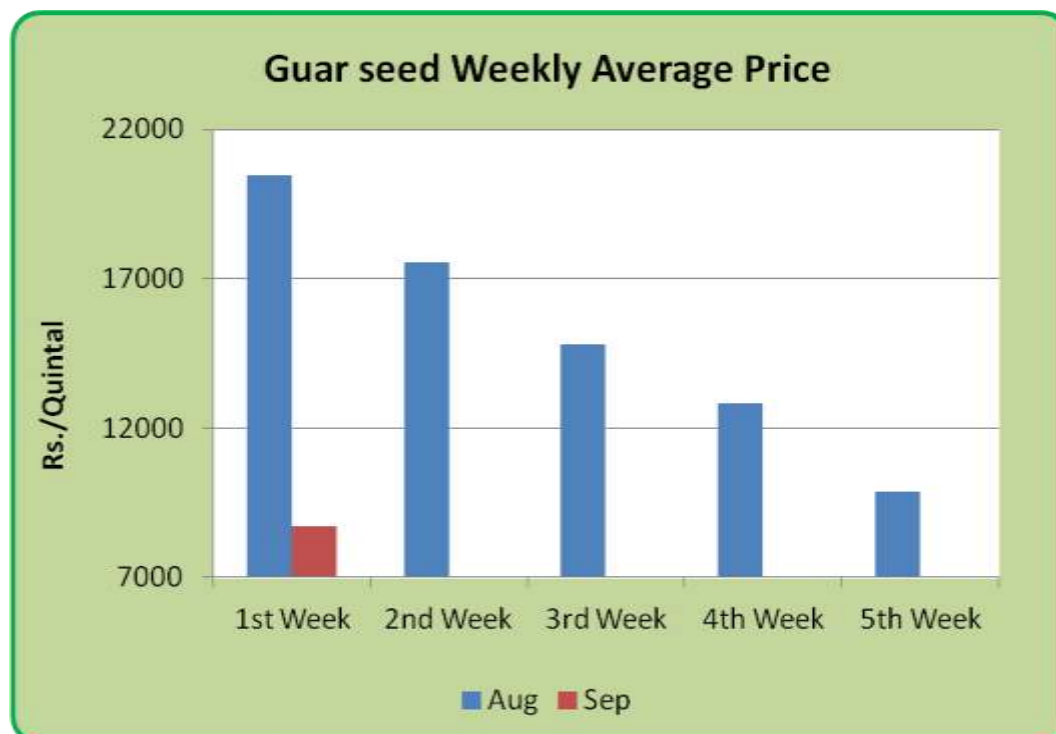
LEGEND: ■ EXCESS (+20% OR MORE) ■ NORMAL (+19% TO -19%) ■ DEFICIENT [-20% TO -59%]
■ SCANTY [-60% TO -99%] ■ NO RAIN [-100%] ■ NO DATA

NOTES:

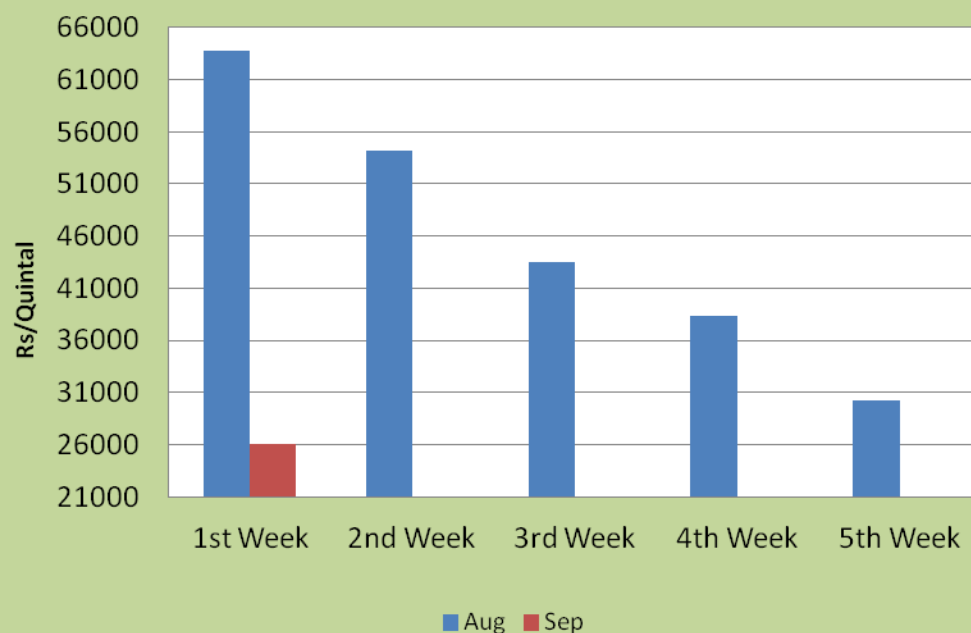
- (a) Rainfall figures are based on MME Forecast.
 (b) Bold figures indicate Forecast Normal rainfall (mm.)
 (c) Percentage Departures of Rainfall are shown in Brackets.

Price Scenario

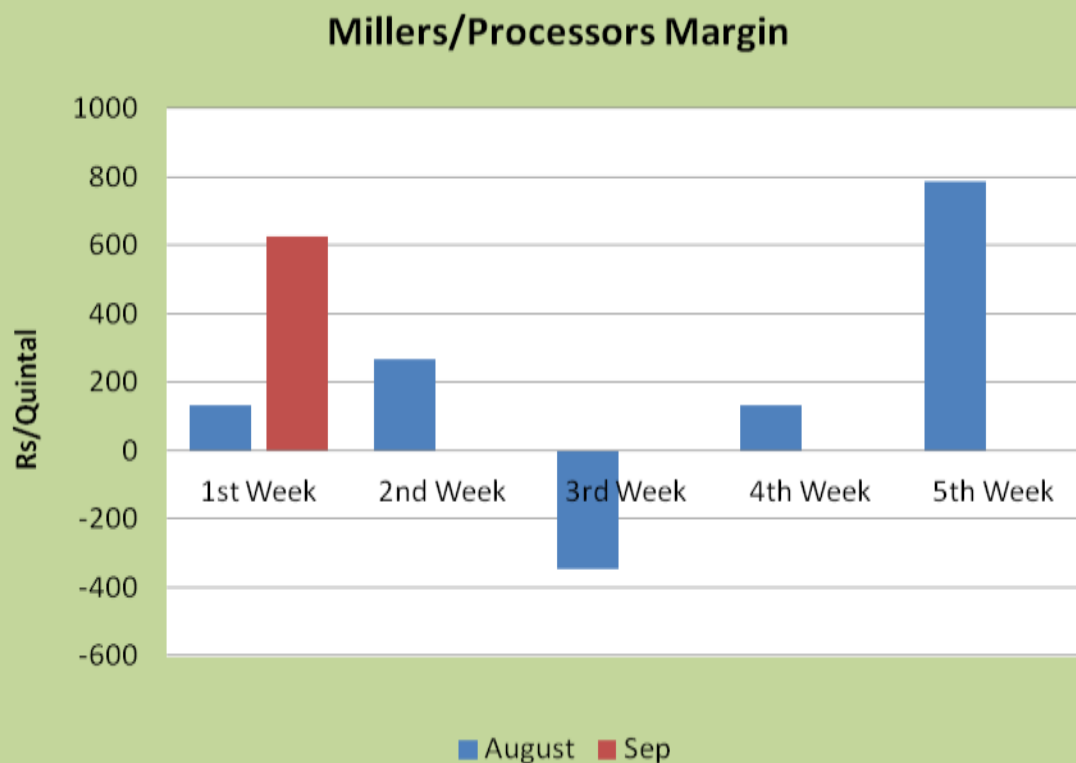
Guar seed and guar gum prices noticed weak tone during the week. In the first week of September, the average price of guar seed declined by 12% to Rs.8700/Qtl and that of guar gum declined by 14% to Rs.26050/Qtl compared to previous week. The graph below illustrates the weekly average price movement 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 churi and korma. Margins improved compared to first week of August. In the current week of September, average crush margin stood at Rs. 624.63/Quintal compared to previous week's crush margin of Rs. 785.13/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
		7.9.2012	31.8.2012	
Guar Seeds	Jodhpur (Delivery)	8500	9800	-1300
	Jodhpur (Loose)	7900	9000	-1100
	Bikaner (Loose)	7800	9000	-1200
	Bikaner (Delivery)	8200	9500	-1300
	Nokha (Loose)	7500	8000	-500
	Hanumangarh (Loose)	8200	-	-
	Sri-Ganganagar (Delivery)	8000	9000	-1000
	Adampur (Loose)	8500	9600	-1100
	Sirsa (Loose)	7000	10000	-3000
	Bhiwani (Delivery)	7800	11000	-3200
	Deesa (Loose)	8860	10140	-1280
	Nagaur (Loose)	-	-	-
	Dhabwali (Loose)	-	-	-
Guar Gum	Jodhpur	26000	31000	-5000
	Bhiwani	26000	34000	-8000
	Dhabwali	-	-	-

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		07.9.2012	31.8.2012
Churi	Jodhpur	1025	1100
Korma	Jodhpur	1925	1950

Guar Export Prices:

Commodity	Variety	\$/MT	
		07.9.2012	31.8.2012
Guargum Split		4600	6000
Guargum Powder	200 Mesh 5000 CPS	5700	6800
	200 Mesh 3500 CPS	5400	6600
Guargum Meal		345	350

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 07.9.12	Week Ending 31.8.12	
Jodhpur	500	700	-200
Bikaner	125	50	75
Nokha	-	-	-
Hanumangarh	-	-	-
Sri-Ganganagar	-	-	-
Adampur	150	200	-50
Sirsa	-	-	-
Bhiwani	-	-	-
Deesa	55	82	-27
Nagaur	-	-	-
Dhabwali	-	-	-
All India	830	1032	-202

Spot Market Technical Analysis of Guar seed & Guar gum

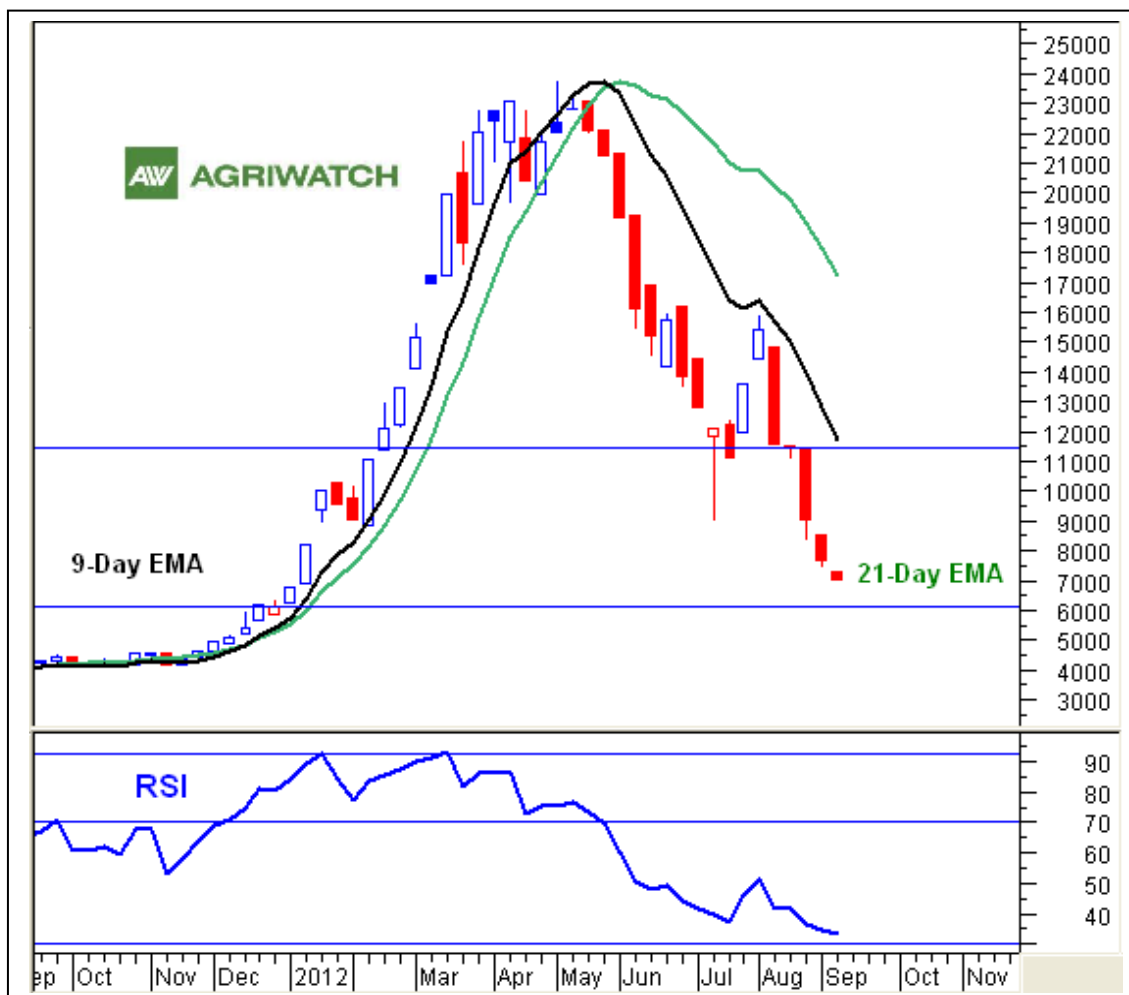


Fig-1 – Guar Seed Weekly Spot Prices (Jodhpur)

Prices noticed narrow range of trading and closed lower during the week. Overall scenario is bearish and prices are likely to continue weak tone in the near –term. Stochastic oscillator is declining in the oversold region supporting some recovery. Any recovery in the near –term should be considered as good selling opportunity. MACD is in the negative territory adding to the overall weak tone of the market. Prices will find support around Rs.7300/Qtl levels. The next support is at Rs.7000/Qtl levels. On the upside there is resistance at Rs.10000/Qtl and Rs.12900/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 moved in tandem with guar seed prices. Selling pressure continue to weigh on the market. Prices traded in a narrow range during the week. 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. 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.30000/Qtl and Rs.36670/Qtl levels respectively.

Prices are likely to decline towards Rs.25000/Qtl levels in the near –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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