

SPOT MARKET HIGHLIGHTS

- Firm sentiment recorded in the major key guar cash markets during this fortnight.
- Reduced arrivals amid strong demand moved up guar prices.
- Firm overseas demand also lent support to domestic guar prices.
- Improvement in the demand of by-products also supported bullish sentiments.

FUNDAMENTALS:

- Strong sentiment witnessed in majority of key cash markets of Guar seed and Guar gum during this fortnight.
- Consistent decline in arrivals has raised the concerns of lower stocks with farmers and this had encouraged stockists and millers to refill their stock level.
- Since domestic guar prices have increased by around 18% during the fortnight and this has made stockists optimistic for further improvement in its prices in near term and in anticipation of higher returns stockists are holding back their stock.
- Projections of lower output than estimated earlier (by around 25%) along with low carry-in stocks raised the fears of supply crunch in near term and this has also encouraged buyers for bulk buying.
- According to the market participants, approximately 70% of the total guar output (new crop) has already arrived in the domestic markets and arrivals of new crop will reduce in near term.
- Moreover strong demand from overseas markets has also supported bullish sentiments as prices of guar gum split have increased by around 23% during the fortnight.
- Demand for Indian guar gum is further expected to rise in near term for the reason that floods in Pakistan (second largest gum exporter followed by India) have destroyed the crop and India will have to fulfill the international demand.
- FOB prices of guar gum split is reported at \$1750/ton, powder (5000 CPS and 3500 CPS) at \$1800/ton & \$1850/ton and meal at \$340/ton respectively.
- Stock position of guar seed and guar gum at NCDEX accredited warehouses till 21 Jan, 2011 is reported at 86,485 MT and 17,626 MT respectively.
- Another supporting factor for increasing guar prices is firm demand of by-products Churi and Korma. Churi and Korma prices have increased by around 2.4% and 10.7% respectively during the fortnight.

FUTURES MARKET HIGHLIGHTS

GUARSEED: February contract ended with gain this fortnight and traded to a high of Rs.2840 and to a low of Rs 2470. Volume touched a high at 253,360 and open interest touched at 209,150

GUARGUM: February contract ended with gain this fortnight and traded with a high of Rs 7448 and to a low of Rs 6515. Volume touched at 24,955 and open interest touched at 35,840.

Prices of guar seed and gum are further expected to increase in near due to the poor arrivals against strong demand of the commodities. Additionally, sturdy demand from overseas markets also pushes up domestic guar prices in near term.

GUAR SEED AND GUAR GUM SPOT PRICES				
Commodity	Centres	24-01-11	06-01-11	Change (%)
Guar seed	Jodhpur (Delivery)	2840-45	2525	12.67
	Jodhpur (Loose)	2560-65	2275	12.75
	Bikaner	2570-80	2270	13.66
	Nokha	2580	2360	9.32
	Hanumangarh	2700	2390	12.97
	Sri-Ganganagar	2590	2325	11.40
	Adampur	2670	2390	11.72
	Sirsa	2680	2390	12.13
	Bhiwani	2680	2410	11.20
	Deesa	-	2350	
	Dabwali	2650	2500	6.00
	Nagaur	-	2240	
Guar gum	Jodhpur	7200	6400	12.50
	Bhiwani	7650	6450	18.60
	Dabwali	7350	6400	14.84

(Prices in Quintals)

ARRIVALS		
Centres	24.01.11	06.01.11
All India	60000	60000
Bikaner	5000	4000
Nokha	1500	2000
Hanumangarh	150	300
Sri-Ganganagar	600	800
Adampur	2000	2000
Deesa	-	600
Sirsa	400	500
Bhiwani	400	800
Dabwali	100	80
Nagaur	-	6000

TECHNICAL OUTLOOK: SEED

Strong buying support moved the guar seed prices in northwards direction. In coming fortnight period, guar prices are expected to trade with firm bias. February futures contract will trade with price levels between 2775 lower side and 2918 higher side as result of bullish sentiment witnessing in the market.

Trade Strategy (For February Contract):

- MACD is moving up in the positive zone, thus supporting firmness.
- EMA (9) is greater than EMA (18) and gap between two EMA's has widened, which further supports buying in the market.
- RSI is moving down in overbought zone, indicates the chances of recovery.

**Trade Recommendation:
Guarseed NCDEX (Feb)**

Call	Entry	T1	T2	SL
BUY	>2775	2875	2918	2700
Support & Resistance				
S2	S1	PCP	R1	R2
2740	2775	2794	2920	2950


TECHNICAL OUTLOOK: GUM

Strong buying support moved the guar gum prices in northwards direction. In coming fortnight period, guar prices are expected to trade with firm bias. February futures contract will trade with price levels between 7300 lower side and 7650 higher side as result of bullish sentiment witnessing in the market.

Trade Strategy (For February Contract):

- MACD is moving up in the positive zone, thus supporting firmness.
- EMA (9) is greater than EMA (18) and gap between two EMA's has widened, which further supports buying in the market.
- RSI is moving down in overbought zone, indicates the chances of recovery.

**Trade Recommendation:
Guargum NCDEX (Feb)**

Call	Entry	T1	T2	SL
BUY	>7300	7500	7640	7150
Support & Resistance				
S2	S1	PCP	R1	R2
7260	7300	7403	7640	7700


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