

### SPOT MARKET HIGHLIGHTS

- Firm sentiment recorded in the major key guar cash markets during this fortnight period.
- Reduced arrivals amid strong demand moved up guar prices.
- Strong overseas demands also lend support to domestic guar prices.
- Guar by - products (Churi & Korma) demand reported increases during this fortnight.

### FUTURES MARKET HIGHLIGHTS

**GUARSEED:** March contract traded with gain in fortnight period and traded to high of Rs.3012 and a low of Rs 2712. Volume touched a high at 415,400 and open interest touched at 193,080.

**GUARGUM:** March contract traded with gain in fortnight period and traded with a high of Rs 8645 and to a low of Rs 7701. Volume touched a high at 37,795 and open interest touched at 34,665.

### **FUNDAMENTALS:**

- Strong sentiment witnessed in majority of key cash markets of Guar seed and Guar gum during the fortnight period.
- Demand for the ready guar gum was reported across the spot market, which provided steady support for guar seed and guar gum prices to gain.
- Consistent decrease in arrivals in the spot markets has supports the guar prices to move upside during this fortnight.
- Lower arrivals in the major mandis of Rajasthan and Haryana have reported during this fortnight. During the fortnight, total guar seed arrivals (all India) recorded at 330,000 bags, which is lower by 275,000 bags as compared to the previous fortnight arrivals of 605,000 bags,
- According to the trade sources, 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.
- In spite of better guar seed production this season (2010-11), Guar prices are trading at its all time high due to increasing demand from oil sector (US) for guar gum. Guar seed and guar gum prices increased in current year (as on till date) as compared to the previous year up by Rs.560/qtl and Rs.3575/qtl.
- In the domestic market, trade participants are optimistic about the increase in exports of guar gum in coming days due to low stocks and crop damaged in Pakistan(second largest gum exporter followed by India) on because of floods and India will have to fulfill the overseas requirement.
- Stock position of guar seed and guar gum at NCDEX accredited warehouses till 24<sup>th</sup> February, 2011 is reported at 95,417 MT and 22,903 MT respectively.
- FOB prices of Guar gum split 4.2%, Guar gum powder 6.5% and Guar gum meal 1.5% prices to move upside as compared to the previous fortnight period.
- Slight improvement is recorded in demand of Guar by-products (Churi & Korma). Churi prices increased by 1.34% and Korma prices increased by 0.53% as compared to the previous fortnight period.

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

GUAR SEED AND GUAR GUM SPOT PRICES				
Commodity	Centres	24-02-11	08-02-11	Change (%)
Guar seed	Jodhpur (Delivery)	3025	2800	+8.04
	Jodhpur (Loose)	2780	2550	+9.02
	Bikaner	2920	2700	+8.15
	Nokha	2850	2670	+6.74
	Hanumangarh	2900	2700	+7.41
	Sri-Ganganagar	2900	2825	+2.65
	Adampur	3000	2910	+3.09
	Sirsa	3000	2935	+2.21
	Bhiwani	3000	2915	+2.92
	Deesa	2765	2672	+3.48
	Dabwali	2900	2825	+1.41
	Nagaur	2880	2840	+2.65
Guar gum	Jodhpur	8350	7850	+6.37
	Bhiwani	8600	8100	+6.17
	Dabwali	8500	7880	+7.87

*(Prices in Quintals)*

ARRIVALS		
Centres	24.02.11	08.02.11
All India	35000	40000
Bikaner	2000	2000
Nokha	1000	1500
Hanumangarh	50	200
Sri-Ganganagar	-	400
Adampur	2000	1200
Deesa	700	400
Sirsa	600	300
Bhiwani	800	200
Dabwali	-	60
Nagaur	300	400

**TECHNICAL OUTLOOK: SEED**

Guar seed prices were sturdily up on strong buying support for the March contract. In coming fortnight period, guar prices are expected to trade with firm bias. March futures contract traded with price levels between 2712 lower side and 3036 higher side as result of bullish sentiment witnessing in the market.

MACD is moving up in the positive zone, indicates the bullish momentum. Prices closed above 9 and 18 day EMAs supporting the bullish momentum in the short term. RSI is moving up in the neutral zone indicating the bullish momentum in the short term. As per market sentiment, March contract is expected to trade with bullish trend.

**Trade Strategy (For March Contract):**

Market is currently near the contract highs of 3036 level which is also a good resistance level from where liquidation is expected and prices may touch the good support near 2856. Overall guar seed trend remain up and buyers may opt for buying above the support level.

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

Call	Entry	T1	T2	SL
<b>BUY</b>	>2856	2964	2999	2828
Support & Resistance				
S2	S1	PCP	R1	R2
2802	2856	2961	3036	3139


**TECHNICAL OUTLOOK: GUM**

Guar gum prices were sturdily up on strong buying support for the March contract. In coming fortnight period, guar prices are expected to trade with firm bias. March futures contract traded with price levels between 7701 lower side and 8645 higher side as result of bullish sentiment witnessing in the market.

MACD is moving up in positive region indicates bullish momentum. Prices closed above 9 and 18 day EMAs supporting the bullish momentum in the short term. RSI is moving up in the neutral zone indicating the bullish momentum in the short term. As per market sentiment, March contract is expected to trade with bullish trend.

**Trade Strategy (For March Contract):**

Market is currently near the contract highs of 8670 level which is also a good resistance level from where liquidation is expected and prices may touch the good support near 8189. Overall guar seed trend remain up and buyers may opt for buying above the support level.

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

Call	Entry	T1	T2	SL
<b>BUY</b>	>8189	8336	8490	8156
Support & Resistance				
S2	S1	PCP	R1	R2
8116	8189	8480	8572	8653


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