

Highlight of the Month:

- Guar gum demand from exporters continue to remain in the market following strong overseas demand which influencing the gum manufacturers/processors to remain active in the market.
- Total Guar gum export during April'2010-January'2011 recorded at 3, 24,999 tonnes and it is expected to touch 3, 60,000 tonnes during current fiscal year.
- Limited stocks by stockists at around 8 – 10 lakh bags which is not sufficient enough to fulfill the requirement may further push the guar prices to gain in coming days.
- In Rajasthan, guar sowing not yet started due to uneven distribution of rains and farmers are waiting for the second round of rains to start the sowing activities. Monsoon will remain the key factor for deciding actual sowing and guar area in Rajasthan.

Market Dynamics:

Higher guar seed arrivals are reported during the month ended Jun 30th 2011 at 2, 61,000 bags (1 bag = 100Kg) as compared to the previous month's 2, 22,000 bags as stockists gradually offloading their stocks at higher price levels. Arrivals were also higher from the same period last year's by 20,300 bags amid higher production in Kharif 2010. In spite of higher production during 2010-11 season (14.9 lakh tonnes) guar seed prices are still hovering at higher levels due to the strong demand from guar gum manufactures amid increased overseas demand.

The chart below shows the guar gum exports from April-May 2009-10 to Apr-Jan 2010-11 and expected guar gum exports for current fiscal (Apr-Mar 2010-11):

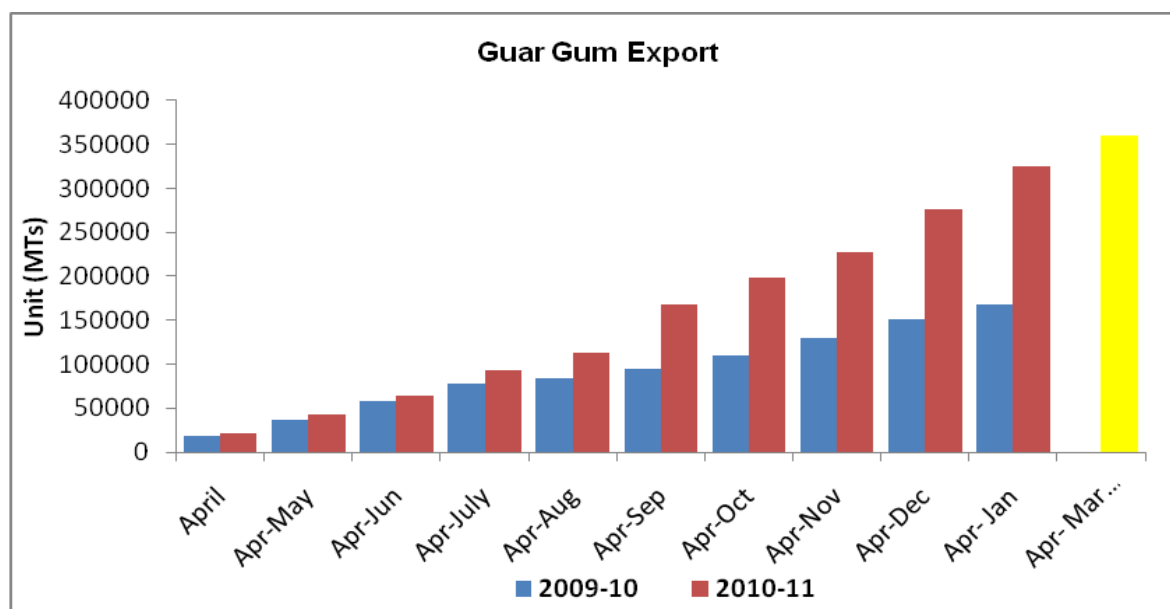


Fig- 1

As shown in above chart, export of guar gum is increasing year on year due to escalating demand for guar gum in overseas market. According to the trade sources, demand for guar gum from US and China increased this year by 35 - 40% compared to last year. Guar gum exports from India are expected to be at record high in the current year.

As per latest report, Guar gum exports during April' 2010-January'2011 stood at 3, 24,999 tonnes as compared to 1, 68,529 tonnes same period last year. Total exports for the fiscal April'10-Mar'11 is expected to remain higher at 3, 60,000 tonnes (AW Estimate) against last year's 2,18,460 tonnes. Amid estimated higher guar gum exports, utilization of guar seed to manufacture guar gum also increased significantly by 5,24,223 tonnes to 13,33,334 tonnes this season which supported prices in the cash markets.

Meanwhile, as per the trade estimate around 8 – 10 lakh bags guar seed is lying with traders/stockists (normal stocks 15-20 lakh bags) and taking into account the significant increase in exports so far this fiscal as well as ongoing demand from exporters, hints for a significant fall in stocks this year, around 80,000-90,000 tonnes compared to 1, 50,000 tonnes last year, which may keep guar seed and gum prices on higher side.

In Jodhpur cash market the average guar seed and guar gum prices during the month (Jun 2011) increased to Rs.3483 and Rs.10527 per quintal respectively as compared to corresponding period last year's Rs.2450 and Rs.5275 per quintal. Increase in Guar gum prices in domestic market also translated into higher export prices. The table below shows the prices comparison of guar gum split and powder:

Commodity	Variety	30 th Jun, 2011 (\$/MT)	30 th May, 2011 (\$/MT)	Change
Guargum Split		2700	2500	+200
Guargum Powder	200 Mesh 5000 CPS	3600	3100	+500
	200 Mesh 3500 CPS	3500	3000	+500

*prices in USD/MT and FOB Mundra Port

Sluggish demand from cattle feed industry and higher supply pressured the prices of guar by- products (Korma) in the spot market. Korma prices are decreased by Rs.33/- to Rs 834/Qtl as compared to the previous month.

Commodity	30 th Jun, 2011 (Rs/Qtl)	30 th May (Rs/Qtl)	Change
Churi	680	680	Unch
Korma	834	867	-33

On crop progress front, reportedly the sowing has not been started in the key growing areas particularly in Rajasthan and is expected to start from mid-July. However, rainfall will remain the key factor for sowing of the commodity and as per IMD so far the key guar growing districts have received a very uneven distribution of rainfall, The table shows the percentage departure of rainfall in major guar growing districts in Rajasthan as on 22-06-2011.

The districts which received normal to better rains so far reportedly the sowing activity has started and around 2-5 per cent of guar seed is already sown while in other regions it is likely start after one good spell of rainfall. Also

Rajasthan	% Departure as on 22-06-2011	Legend
Alwar	133%	Excess
Barmaer	-100%	No Rain
Bikaner	-26%	Deficient
Churu	199%	Excess
Ganganagar	-33%	Deficient
Hanumangarh	229%	Excess
Jaisalmer	-100%	No Rain
Jodhpur	-48%	Deficient
Nagaur	25%	Excess
Sikar	-3%	Normal
Jhunjhunu	117%	Excess
Jalore	-100%	No Rain
Pali	-95%	Scanty

significant rise in guar seed prices this season also attracting farmers for guar cultivation. However, some farmers in Hanumangarh, Sri Ganganagar districts have shifted their land for cotton cultivation due to better return as well as availability of irrigation facility in these regions. Also the regions so far has received normal to better rains.

Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
Guar Seed		30-06-2011	30-05-2011	
	Jodhpur (Delivery)	3800	3430	+370
	Jodhpur (Loose)	3650	3100	+550
	Bikaner	3650	3180	+470
	Nokha	3600	3150	+450
	Hanumangarh	3625	3210	+415
	Sri-Ganganagar	-	-	-
	Adampur	3760	3410	+350
	Sirsa	-	3410	-
	Bhiwani	3700	3410	+290
	Deesa	3125	3160	-45
	Nagaur	-	-	-
	Dhabwali	3600	3225	+375
Guar Gum	Jodhpur	11450	10100	+1350
	Bhiwani	11550	10300	+1250
	Dhabwali	11800	10300	+1500

*Arrivals in bags & prices in Rs. /Quintal

Guar Arrivals in Key Centers

Commodity	Centre	Prices (Rs/Qtl)		Change
Guar Seed		30-06-2011	30-05-2011	
	Jodhpur (Delivery)	-	-	-
	Jodhpur (Loose)	6000	6000	Unch
	Bikaner	150	800	-650
	Nokha	1000	700	-300
	Hanumangarh	-	-	-
	Sri-Ganganagar	-	-	-
	Adampur	1500	3000	-1500
	Sirsa	-	-	-
	Bhiwani	-	-	-
	Deesa	235	270	-35
	Nagaur	-	-	-
	Dhabwali	-	-	-

Spot Market Technical Analysis of Guar seed & Guar gum

As evident from the guar seed monthly chart, the trend remains up and intact. Prices are well above the short term EMAs (9 and 18 days) which supports firm market. Oscillator RSI remains in the overbought territory which hints for a possible weakness in prices. Immediate good support is at 3229 level and resistance at 3886 level. Guar seed prices in the coming Month are expected to remain in the range of 3229-3886.



Fig-1 – Guar Seed Monthly Spot Prices (Jodhpur) Technical Analysis

As reflected from the chart, Overall guar gum prices trend remains up and intact. Prices are well above the short term EMAs (9 and 18 days) which supports firm market. Oscillator RSI remains in the overbought territory which hints for a possible weakness in prices. Market indicators MACD is moving up in positive zone, indicates the bullish sentiment in the market. Immediate good support is at 10613 level and resistance at 11716 level. Guar gum prices expected to remain range bound with firm sentiment in coming month.



Fig-2 – Guar Gum Monthly Spot Prices (Jodhpur) Technical Analysis

Futures Market Technical Analysis:

Technical Commentary Guar Seed (NCDEX August Contract):

- As depicts in the chart, overall guar seed prices trend remains up and prices are well above the short term EMAs (9 and 18 day) which hints for firm market.
- RSI is moving in overbought region which hint for possible weakness in prices in coming days.
- Market indicators MACD is moving up in positive zone, indicates the bullish sentiment in the market.
- Immediate good support can be seen at 3210 level and resistance at 3886 level.



Technical Commentary Guar Gum (NCDEX August Contract):

- Guar gum prices are moving in the rising channel and overall the trend remains up and intact.
- Prices are well above the short term EMAs (9 and 18 day) which hints for firm market.
- Momentum indicators MACD is moving up in positive zone, indicates the bullish sentiment in the market.
- We expect prices to move within the rising wedge between 10473 – 11643.


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.