

Domestic Market Recap:

Guar Seed and Guar gum prices traded firm during last week on account of shrinking arrivals in major spot markets of Rajasthan and Haryana coupled with strong guar gum export demand. Increasing demand from guar gum millers is also supportive of guar prices during this period. In the Jodhpur spot market during the last week, average guar seed prices was Rs.3325/- and guar gum was Rs.9617 /- while in the same period last year, guar seed and guar gum prices were recorded at Rs.2482/- and Rs.5121/-.The increased of Rs.843/- for guar seed and Rs.4496/- is mainly due to strong export demand for guar gum from oil sector during the current year.

In the current season (2010-11), Guar prices are trading at an all time high due to escalating demand from oil producing countries like US, China and OPEC countries. The rise in crude oil prices and lower supplies from Pakistan (where the crop was damaged by floods) has pushed up guar gum exports from India to fulfill the global requirement.

Increasing arrivals are reported during the last week in the domestic spot market. Overall average daily arrivals were reported 10,500 bags as compared to the last year's average daily arrivals of 700 bags during the same period, due to better production during the current year compared to the last year. Though arrivals are higher during current period but Guar seed prices are still hovering at higher levels due to the strong demand from guar gum manufactures.

Current Market Dynamics & Outlook

In the current market scenario, guar seed arrivals are reported higher in the week ended May 20th 2011 at 12,333 bags (1 bag = 100Kg) as compared to the previous week's 10,500 bags as stockists offloaded their stocks. Arrivals were also higher from the last year's 1,350 bags amid higher production in Kharif 2010 season. In spite of higher production during 2010-11 season (14.9 lakh tonnes) guarseed prices shot up significantly on the back of good demand from guar gum exporters amid increased overseas demand. Also the good overseas demand for the guar gum has influenced local guar gum millers to increase buying of guar seed and it supported the guar seed prices in spot market.

The chart below shows the guar gum exports during April-December 2009 and 2010 as well as estimated total exports of guar gum from April 2010-March 2011 compared with last year -

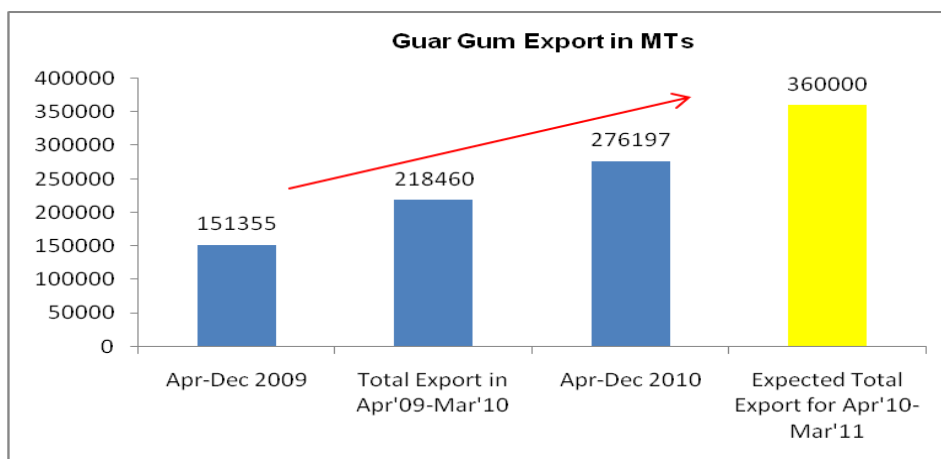


Fig- 1

As shown in chart, export of guar gum is increasing year on year due to escalating demand for guar gum in overseas market. In the current year, in April – Dec, 2010 exports of guar gum was recorded at 2, 76,197 tonnes as compared to the previous year's (April – Dec, 2009) 1,51,355 tonnes, an increase of 82%. Total export in the year Apr.2009 - Mar10, was recorded at 2,18,460 tonnes and in the year current fiscal (Apr 2010-Mar 2011) it may touch around 3,60,000 tonnes. For the expected 3,60,000 tonnes of gum export in the current year, the total guar seed requirement for crushing is estimated at 13,33,334 tonnes as compared to previous year 8,09,111 tonnes. Due to better export prospects for guar gum, utilization of guar seed is rising continuously in the domestic markets which in turn affecting the total carry out stocks for the current marketing season. Normally, carry out stocks for guar seed on an average remains between 1,00,000-1,50,000 tonnes in the country, however this year we are expecting stocks will reduce to 80,000-90,000 tonnes, which may support the prices in the days to come.

Stockists are reportedly inactive in the spot market which may affect the guar prices in coming days. The selling pressure from the stockist of Guar seed is reported at higher price level across the spot market. As per trade sources, stockist may have around 30 lakh bags of stocks that they may off-load in the domestic market at a higher price level which may exert pressure on prices to move upside in the short term. But, overall price for guar seed and guar gum will go up in coming days as a result of good demand for guar gum powder in international market as well as waning arrivals in the spot market due to lean season.

Guar Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
Guar Seed		19-05-2011	13-05-2011	
	Jodhpur (Delivery)	3410	3325	85
	Jodhpur (Loose)	3060	3040	20
	Bikaner	-	3150	-
	Nokha	3200	3120	80
	Hanumangarh	3275	3200	75
	Sri-Ganganagar	-	-	-
	Adampur	3400	3400	Unch
	Sirsa	3400	3400	Unch
	Bhiwani	3400	3400	Unch
	Deesa	-	3100	-
	Nagaur	-	-	-
	Dhabwali	3250	3140	110
Guar Gum	Jodhpur	10150	9650	500
	Bhiwani	10500	10000	500
	Dhabwali	10400	10050	350

*Arrivals in bags & prices in Rs. /Quintal

Guar by – Products Prices:

Commodity	Centre	Price (Rs/Qtl)
Churi	Jodhpur	734
Korma	Jodhpur	1000

Guar Export Prices:

Commodity	Variety	Value (\$/MT)
Guargum Split		2400
Guargum Powder	200 Mesh 5000 CPS	3000
	200 Mesh 3500 CPS	2900
Guargum Meal		310

Guar Arrivals in Key Centers

Commodity	Centre	Prices (Rs/Qtl)		Change
		19-05-2011	13-05-2011	
Guar Seed	Jodhpur (Delivery)	-	-	-
	Jodhpur (Loose)	4000	6000	2000
	Bikaner	-	300	-
	Nokha	1000	700	300
	Hanumangarh	-	-	-
	Sri-Ganganagar	-	-	-
	Adampur	1500	1500	Unch
	Sirsa	-	-	-
	Bhiwani	-	-	-
	Deesa	-	300	-
	Nagaur	-	-	-
	Dhabwali	-	-	-

Spot market Technical Analysis of Guar seed & Guar gum



Fig-2 – Guar Seed Spot Prices (Jodhpur) Technical Analysis.

As evident from the above weekly chart, guar seed prices are moving in the rising channel and overall the trend remains up and intact. Immediate good support is at 3207 level and resistance at 3398 level. Guar seed prices for the coming week is expected to remain in the range of 3207-3398 and one should opt for buying guar seed at 3207 for the target of 3398.



Fig-3 – Guar gum Spot Prices (Jodhpur) Technical Analysis.

As seen in the above weekly chart, guar gum prices are moving up. Immediate good support is at 10293 level and resistance at 10787 level. Guar gum prices for the coming weekly is expected to remain in the range of 10293 – 10787 and market participants should go for buying at 10293 in cash market.

Outlook:

Both guar seed and guar gum prices are expected to remain firm in the coming week amidst good demand from guar gum processors besides expected delay in onset on monsoon over the country. However, offloading of stocks by stockists at higher price levels may limit the gains.