

Domestic Market Recap:

Mostly weak sentiment featured in Guar cash markets during the week ending 16th June as selling pressure from the stockists of Guar seed has reported at higher price level across the spot market. Also expectation of normal monsoon this year in country has further weighed on prices to some extent.. However, regular demand for guar gum backing supports the guar seed prices in spot market.

In Jodhpur cash market the average guar seed prices during the period declined by Rs 50 per quintal to Rs.3400 per quintal as compared to corresponding period previous week. However, guar gum prices remained flat at last week's Rs.10350 per quintal on regular demand from guar gum manufacturers.

Overall arrivals (all India basis) recorded at 60,000 bags during the period down by 15,000 bags as compared to last week. Reportedly the arrivals are mainly from stockists/traders and only small quantities from farmers.

Current Market Dynamics & Outlook

Sturdy demand from guar gum manufacturers in the domestic markets supporting both guar gum and guar seed prices. 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 guar gum exports for the fiscal is expected to reach at record levels at around 3.6 lakh tonnes against 2.18 lakh tonnes last fiscal (Apr'09-Mar'10).

Currently the guar gum export prices (5000 CPS & 3500 CPS) are ruling at \$ 3300/MT and \$ 3250/MT FOB Mundra port up by 3.1%, and 3.2% from last week.

| Commodity | Variety | Week Ending 16 th Jun (\$/MT) | Last Week 9 th Jun (\$/MT) | % Change |
|----------------|-------------------|--|---------------------------------------|----------|
| Guargum Powder | 200 Mesh 5000 CPS | 3300 | 3200 | 3.1 |
| | 200 Mesh 3500 CPS | 3250 | 3150 | 3.2 |

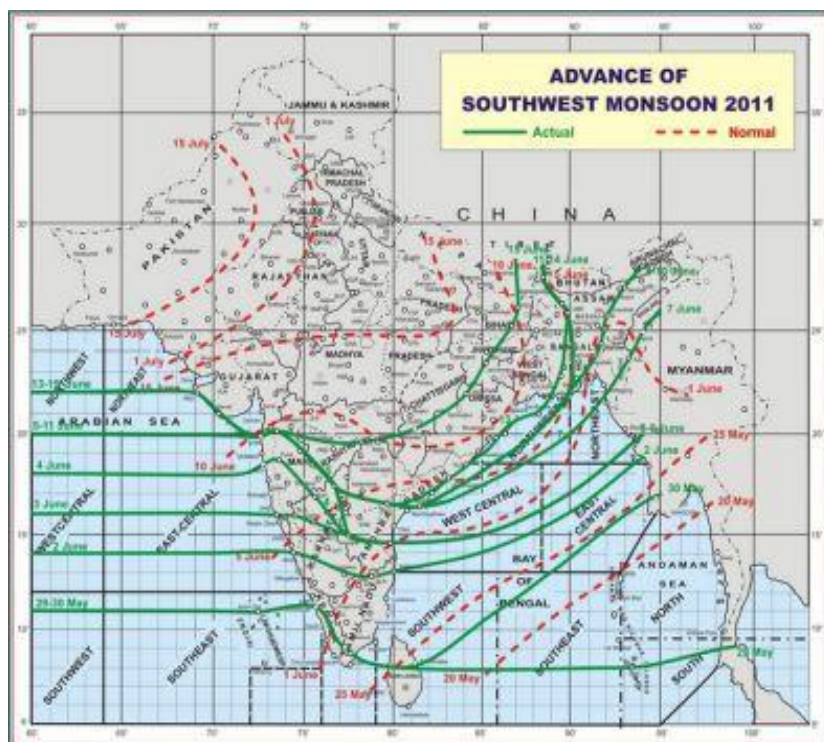
Meanwhile, due to higher export demand, crushing of guar seed increased significantly which in turn resulted in higher availability of by-product Churi and Korma in markets due to which prices of by-products declined in the markets.

| Commodity | Week Ending 16 th Jun (\$/MT) | Last Week 9 th Jun (\$/MT) | % Change |
|-----------|--|---------------------------------------|----------|
| Churi | 614 | 680 | -9.7 |
| Korma | 867 | 893 | -2.9 |

Weather Watch

According to IMD, Southwest monsoon has further advanced in the remaining parts of northeastern States and some parts of Sub-Himalayan West Bengal & Sikkim. Conditions are becoming favourable for further advance of southwest monsoon over some more parts of Maharashtra, Andhra Pradesh, remaining parts of Karnataka and Bay of Bengal and some parts of east India during next 3-4 days.

Though, monsoon advanced over most parts of the country, the progress of monsoon is behind the normal schedule in eastern parts where it is delayed by 5-6 days from the expected June 10th. Hence the monsoon over the NW part of India (which is the largest guar seed producing area) may also arrive late by 4-5 days, which in turn may support the guar prices.



Crop Scenario for Kharif 2011:

According to the trade sources in Rajasthan, if the progress of monsoon remains normal then guar sowing would start by end of June or first week of July. In districts like Barmer, Jaisalmer and Bikaner farmers are mostly inclined towards guar seed cultivation as the area lacks irrigation facility and guar require less water compared to other crops. However, farmers in North Rajasthan like Hanumangarh, Ganganagar districts may shift their land for cotton cultivation due to availability of irrigation facility in these areas. However, monsoon will remain the key factor for deciding actual guar area in Rajasthan and sowing of the commodity would commence after the first spell of monsoon rains over Rajasthan.

Guar Prices at Key Spot Markets

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|-----------|--------------------|-----------------|------------|--------|
| Guar Seed | | 15-06-2011 | 08-06-2011 | |
| | Jodhpur (Delivery) | 3400 | 3450 | -50 |
| | Jodhpur (Loose) | 3050 | 3100 | -50 |
| | Bikaner | 3280 | 3280 | Unch |
| | Nokha | 3260 | 3250 | +10 |
| | Hanumangarh | 3295 | 3266 | +29 |
| | Sri-Ganganagar | - | - | - |
| | Adampur | 3420 | 3470 | -50 |
| | Sirsa | 3420 | 3470 | -50 |
| | Bhiwani | 3420 | 3470 | -50 |
| | Deesa | 3120 | 3125 | -5 |
| | Nagaur | - | - | - |
| | Dhabwali | 3250 | 3240 | +10 |
| Guar Gum | Jodhpur | 10350 | 10350 | Unch |
| | Bhiwani | 10600 | 10600 | Unch |
| | Dhabwali | 10550 | 10500 | +50 |

*Arrivals in bags & prices in Rs. /Quintal

Guar Arrivals in Key Centers

| Commodity | Centre | Prices (Rs/Qtl) | | Change |
|-----------|--------------------|-----------------|------------|--------|
| Guar Seed | | 15-06-2011 | 08-06-2011 | |
| | Jodhpur (Delivery) | - | - | - |
| | Jodhpur (Loose) | 5000 | 6000 | -1000 |
| | Bikaner | 100 | 200 | -100 |
| | Nokha | 500 | 700 | -200 |
| | Hanumangarh | - | - | - |
| | Sri-Ganganagar | - | - | - |
| | Adampur | 1700 | 2500 | -800 |
| | Sirsa | - | - | - |
| | Bhiwani | - | - | - |
| | Deesa | 230 | 250 | -20 |
| | Nagaur | - | - | - |
| | Dhabwali | 70 | - | - |

Spot Market Technical Analysis of Guar seed & Guar gum



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

As reflected in the above chart, guar seed prices mostly featured a sideways movement during this period. RSI is moving down in positive zone which hints at a possible weakness in prices. Overall the trend remains up and intact. We expect Guar seed prices in Jodhpur to remain range bound between Rs 3170-3290 per quintal in the coming week.



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

As evident from the above guar gum weekly chart, guar gum prices are moving in a very narrow range. Momentum indicator MACD remains in the positive zone indicating bullish sentiment, while RSI is moving down in neutral zone indicates the possible weakness in the market. Guar gum prices expected to remain range bound between Rs10068 – 10704 per quintal in coming week. Immediate good support is at 10068 level and resistance at 10704 level.

Futures Market Technical Analysis:

Technical Commentary:

- Overall guar seed prices trend are sideways move and prices are holding the level well above the short term EMAs (9 and 18 day) which hints for firm market.
- RSI is moving down in positive regions which hint for possible weakness in prices in coming days.
- Trade activity is not supported by volume.



Strategy: Buy on dips near support level. However, if the prices closed below 3228 which is a good trend line support level also, there is a possibility of drag down the prices.

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---------------------------------|-------|------|------|-------|------|------|------|
| Guar Seed | NCDEX | June | 3228 | 3256 | 3320 | 3358 | 3382 |
| Intraday Trade Call | | | Call | Entry | T1 | T2 | SL |
| Guar Seed | NCDEX | June | BUY | >3256 | 3316 | 3341 | 3226 |

Technical Commentary:

- Prices are well above the short term EMAs (9 and 18 day) which hints for firm market.
- Oscillator RSI shows sign of negative divergence, which shows possible weakness in the market.
- Trade activity is not supported by volume.
- We expect prices to move within the rising wedge between 10190 – 10787.



Strategy: Buy on dips near support level.

| Intraday Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|---------------------------------|-------|------|------|--------|-------|-------|-------|
| Guar Gum | NCDEX | June | 9738 | 10190 | 10427 | 10787 | 10820 |
| Intraday Trade Call | | | Call | Entry | T1 | T2 | SL |
| Guar Gum | NCDEX | June | BUY | >10190 | 10440 | 10624 | 10065 |