

## Domestic Market Recap:

Both Guar Seed and Guar Gum featured a strong sentiment during the week ending June 30th in majority of cash markets amid strong overseas demand for guar gum. Increasing demand from exporters for guar gum motivated millers/processors to remain active in the markets which supported the guar seed prices. Also restricted supply in the markets due to holding back of stocks by stockists in anticipation of further increase in prices further supported the sentiment. The average daily arrivals were reported at 9,500 (1 bag = 100Kg) bags as compared to 10,000 bags in the same period last week.

In Jodhpur cash market the average guar seed and guar gum prices during the period rose to Rs.3,663 and Rs.10,988 per quintal respectively as against last year's Rs.2,381 and Rs.5,119 per quintal.

## Current Market Dynamics & Outlook

Restricted supply in the markets amid holding back of stocks by traders/stockists supporting the sentiment besides regular demand for gum manufacturers and exporters. Also the stocks this year is negligible in the markets due to higher crushing of guar seed following export demand, which further supporting the sentiment. 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 ( April' 2010-January'2011 3, 24,999 tonnes) so far this marketing year (Oct-Sept) as well as ongoing demand from exporters, hints for a significant fall in stocks this year, which may keep guar seed and gum prices on higher side.

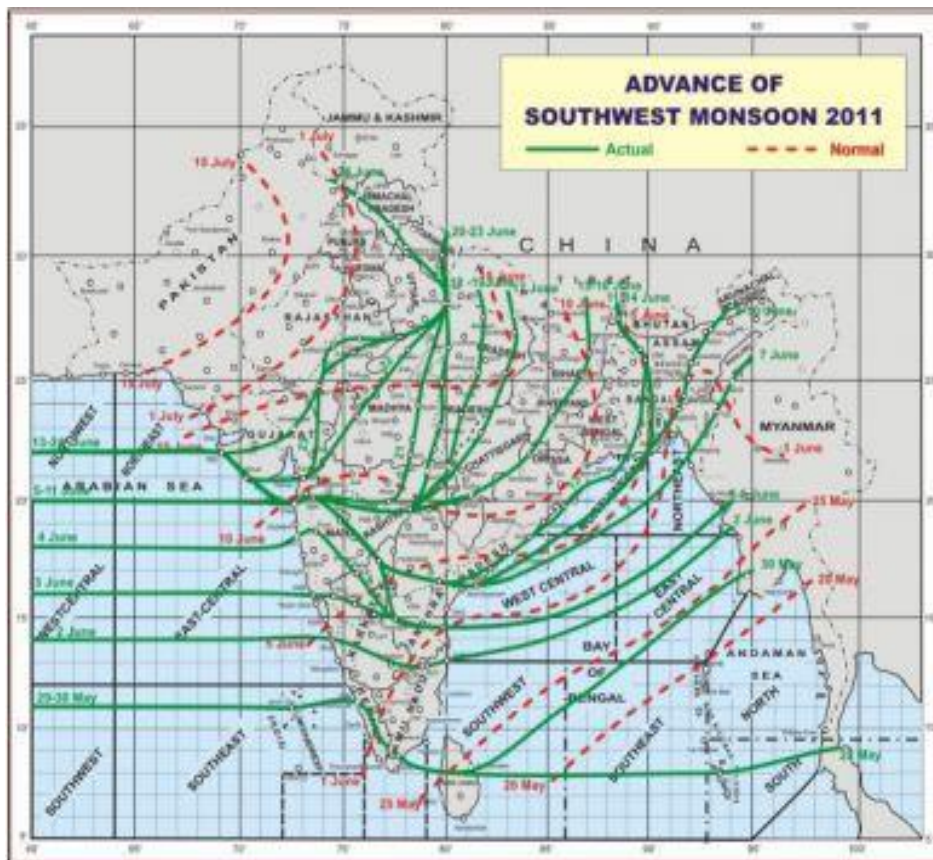
On crop progress front, reportedly the sowing has not been started in the key growing areas particularly in Rajasthan and is expected to start from mid-July. However, rainfall will remain the key factor for sowing of the commodity and as per IMD so far the key guar growing districts have received a very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

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

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 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.

### Monsoon Watch for Coming Week (02- 08 July)

Fairly widespread rainfall may continue in northeast and adjoining east India. Scattered rainfall activity is likely over central and northwest India. However, subdued rainfall activity may continue over south interior peninsula.



### Guar Prices at Key Spot Markets

Commodity	Centre	Prices (Rs/Qtl)		Change
		29-06-2011	22-06-2011	
Guar Seed	Jodhpur (Delivery)	3800	3600	+200
	Jodhpur (Loose)	3600	3250	+350
	Bikaner	3560	3450	+110
	Nokha	3575	3410	+165
	Hanumangarh	3590	3446	+144
	Sri-Ganganagar	-	-	-
	Adampur	-	3570	-
	Sirsa	-	3570	-
	Bhiwani	3580	3570	+10
	Deesa	-	3170	-
	Nagaur	-	-	-
	Dhabwali	3550	-	-
Guar Gum	Jodhpur	11300	10950	+350
	Bhiwani	12200	11100	+1100
	Dhabwali	11500	-	-

\*Arrivals in bags & prices in Rs. /Quintal

**Guar by – Products Prices:**

Commodity	Centre	Price (Rs/Qtl)
Churi	Jodhpur	680
Korma	Jodhpur	834

**Guar Export Prices:**

Commodity	Variety	Value (\$/MT)
Guargum Split		2500
Guargum Powder	200 Mesh 5000 CPS	3300
	200 Mesh 3500 CPS	3250
Guargum Meal		300

**Guar Arrivals in Key Centers**

Commodity	Centre	Prices (Rs/Qtl)		Change
Guar Seed		29-06-2011	22-06-2011	
	Jodhpur (Delivery)	-	-	-
	Jodhpur (Loose)	5000	5000	Unch
	Bikaner	150	300	-150
	Nokha	1000	400	+600
	Hanumangarh	-	-	-
	Sri-Ganganagar	-	-	-
	Adampur	-	2000	-
	Sirsa	-	-	-
	Bhiwani	-	-	-
	Deesa	-	230	-
	Nagaur	-	-	-
	Dhabwali	-	-	-

## Spot Market Technical Analysis of Guar seed & Guar gum

As shown from the weekly chart, guar seed prices are moving up. Prices are well above the short term EMAs (9 and 18 days) which supports firm market. MACD is also moving up in positive zone indicating the further bullish sentiment in the market. Immediate good support is at 3272 level and resistance at 3694 level. Guar seed prices for the coming week are expected to remain in the range of 3272-3694.



**Fig-1 – Guar Seed Weekly 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. Momentum indicator MACD also indicate for a firm market ahead. Oscillator RSI remains in the overbought territory which hints for a possible weakness in prices. Immediate good support is at 10589 level and resistance at 11520 level. Guar gum prices expected to remain range bound with firm sentiment in coming week.



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

## Futures Market Technical Analysis:

### Technical Commentary:

- 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.
- Immediate good support can be seen at 3391 level and resistance at 3699 level.



**Strategy:** Buy on dips near support level.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	July	3337	3391	3640	3699	3720
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Seed	NCDEX	July	BUY	>3391	3593	3691	3290



**Technical Commentary:**

- 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.
- RSI is moving in overbought region which hint for possible weakness in prices in coming days.
- We expect prices to move within the rising wedge between 10354 – 11430.



**Strategy:** Buy on dips near support level.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	July	10410	10504	11367	11430	11467
Intraday Trade Call			Call	Entry	T1	T2	SL
Guar Gum	NCDEX	July	<b>BUY</b>	>10504	11054	11430	10229