

Highlight of the Month:

- Guar complex extended uptrends continued this month supported by firm export demand and shortage of carry-out stocks. Cash markets were also influenced partially by the firm futures counter.
- As per APEDA, India has exported 3.47 lakh MT Guar Gum during 2011 (till October) vs 1.98 lakh MT during same period last year which should continue supporting the sentiment in the long run.
- Lower production against higher demand (domestic & overseas) continues to favor further increase in prices.
- Guar Seed stocks at NCDEX (as of January 30th) were down at 62734 MT compared to 66,378 MT in December and Guar Gum stocks at NCDEX (as of January 30th) increased to 13692 MT compared to 12,936 MT on December.

Market Dynamics:

Guar prices advanced on back of firm millers and exporters demand. Despite robust demand, traders added that speculative buying in the futures counter influenced the cash counter and helped the markets to move higher.

Guar stocks are only available in hand of stockists while farmers have released their holding stocks at the prevailing guar prices directly in mandis. Millers were buying for their daily consumption despite the high prices because of the strong gum demand in overseas markets. However, importers overseas are said to be looking for some other options to Indian guar, in quest of lower prices, which may affect guar prices and restrict its uptrend.

To keep a lid on rising prices and to keep a check on speculators Forward Markets Commission has revised the position limits of Guar seed and Guar Gum contracts as following below:-

Commodity	Open Interest Limit (MT)			
	Aggregate Limit for all Contracts traded on all Exchanges		Near month limit for contracts traded on all Exchanges	
	Member*	Client	Member*	Client
Guar seed	12000	2400	4000	800
Guar gum	3000	1000	600	200

Subsequently, NCDEX has imposed further Special Margin of 20% on the Long side on all running contracts and yet to be launched contracts. Thus, the total Special Margin levied on the long side will be 60% and shall be collected in cash effective beginning of day January 25, 2012. As the following table shows:-

Commodity	Special Margin		Special Cash Margin		Total Special Margin	
	Long Side	Short Side	Long Side	Short Side	Long Side	Short Side
GUAR SEED	0%	10%	60%	0%	60%	10%
GUAR GUM	0%	10%	60%	0%	60%	10%

Crop Estimates

As per traders view, upcoming sowing area in 2012-13 is likely to increase approx 50% from the previous year sowing area in all guar seed growing states as farmers realized higher profits this year.

The state agriculture department of Rajasthan has pegged guar production at 12.09 lakh tonnes in 2011-12 lower compared to 14.88 lakh tonnes 2010-11. In Haryana, production estimate stood at 3.07 lakh tonnes down from the previous year production i.e. 3.60 lakh tonnes and production estimate in Gujarat is estimated at 0.70 lower from previous year.

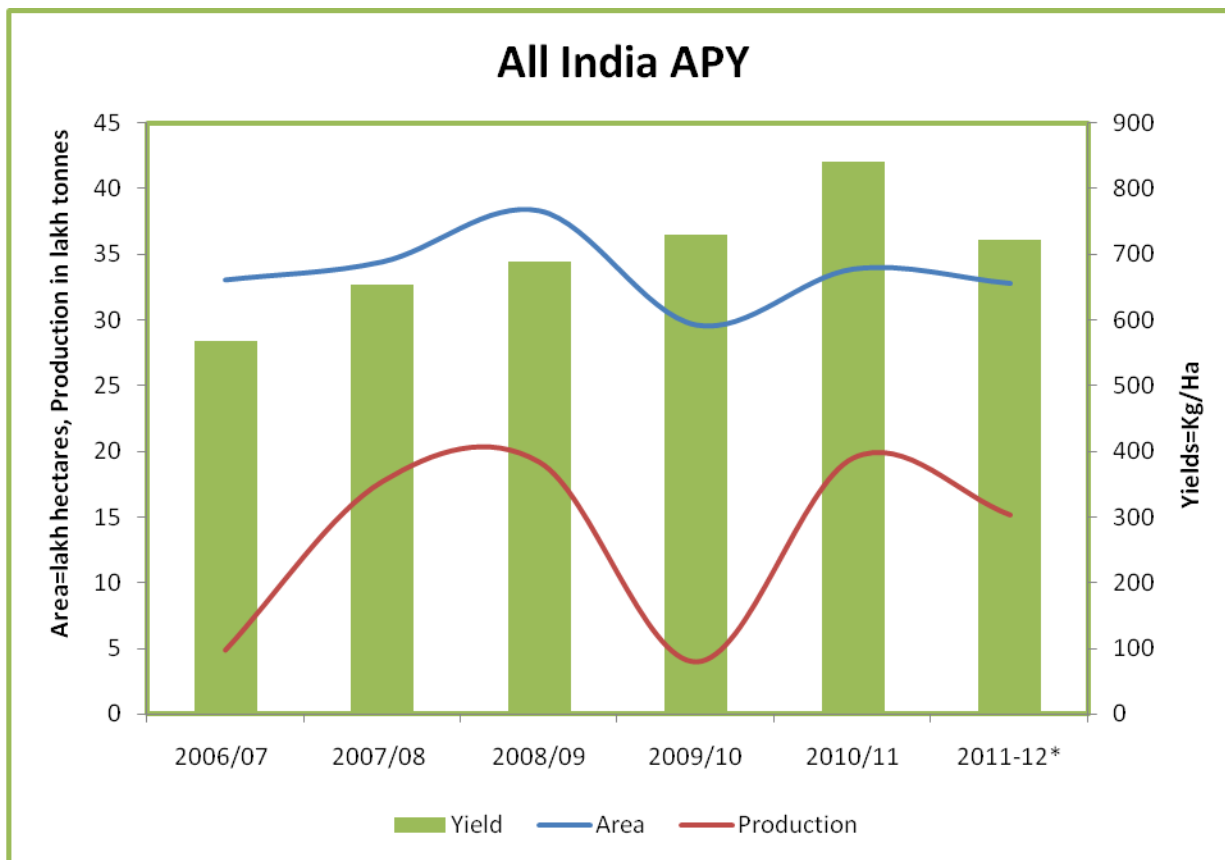
The following table shows the State-Wise Area, Production and Yield of guar seed-

State	Area	Production	Yield	Area	Production	Yield
	2010-11			2011-12*		
Rajasthan	29.52	14.88	504	30.94	12.09	391
Haryana	3.00	3.60	1305	2.56	3.07	1200
Gujarat	1.40	1.00	714	1.20	0.70	580

State-Wise Area, Production and Yield

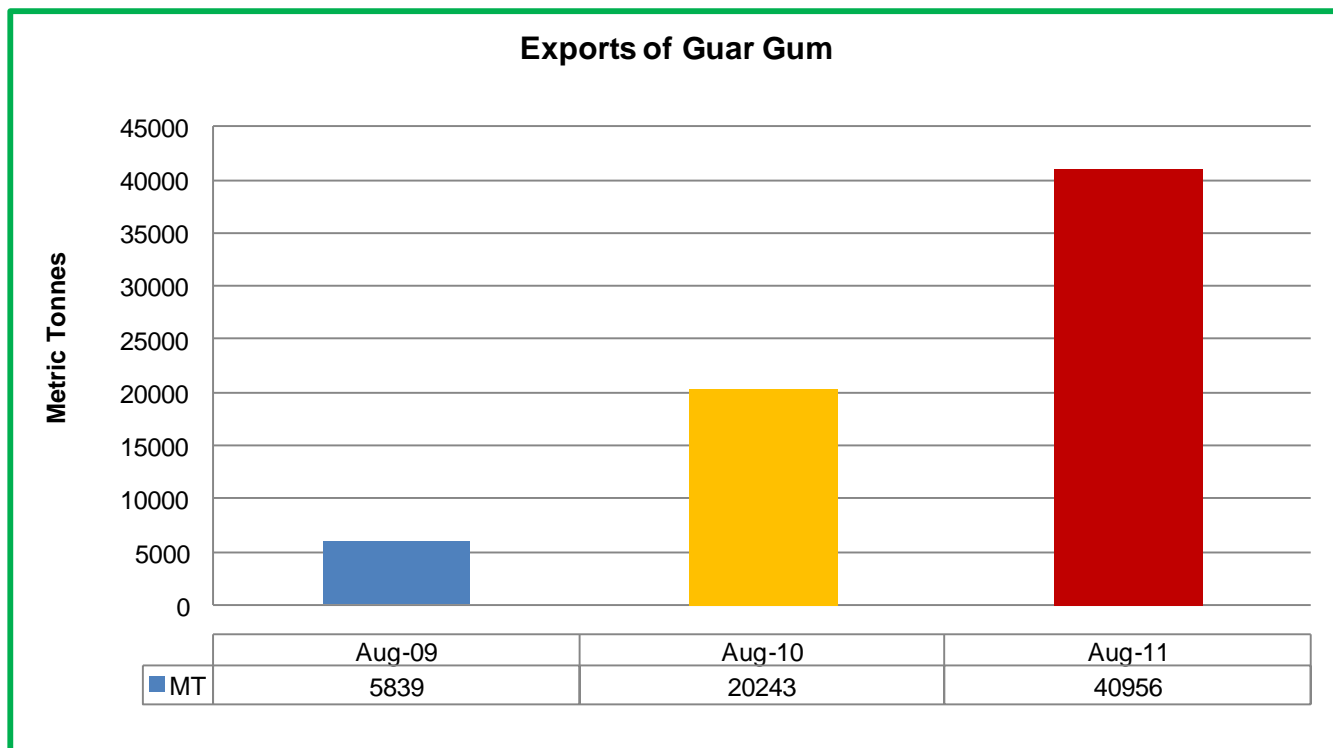
According to state agriculture department of Rajasthan, Haryana and Gujarat production estimate for total production of India have been pegged at 15.13 lakh tonnes in 2011-12 lower compared to 19.48 lakh tonnes a year ago. Area sowed has also declined to 32.83 lakh hectares in 2011-12 lower compared to 33.92 lakh hectares a year ago. The decline in estimate is mainly due to excess moisture at the time of sowing. The yield is also declined this year to 723 Kg/HA from 841 Kg/HA. The chart below shows APY for 2011-12,

The following table shows the 5 year comparison of Area, Production and Yield of guar seed-



Export of Guar Gum

Exporters are buying to meet current orders but may wait for a dip in prices to stock up. Export demand continues to drive prices higher. Guar gum exports for the month of August 2011 were up at 40,956 metric tonnes. Exports were down up 15.6% from June 2011 at 48,544 metric tonnes. However, exports in August 2011 were higher compared to last 2 year exports in the month of August. The chart shows the comparative view of exports over the last 3 years-



Prices of Guar gum Split, Powder and Meal

Commodity	Variety	31st Jan, 2012	31st Dec, 2011	%Change
Guargum Split		8100	4650	43
Guargum Powder	200 Mesh 5000 CPS	9300	6000	35
	200 Mesh 3500 CPS	9200	5900	36
Guargum Meal		270	250	7
Prices in \$/MT and FOB Mundra Port				

In tandem with the increasing guar seed and gum prices, by-products prices also moved during the month supported by firm export demand.

Prices of Churi and Korma

Commodity	31st Jan, 2012	31st Dec, 2011	%Change
Churi	700	525	33
Korma	875	715	22
Prices in Rs/75kg			

Guar Prices at Key Spot Markets

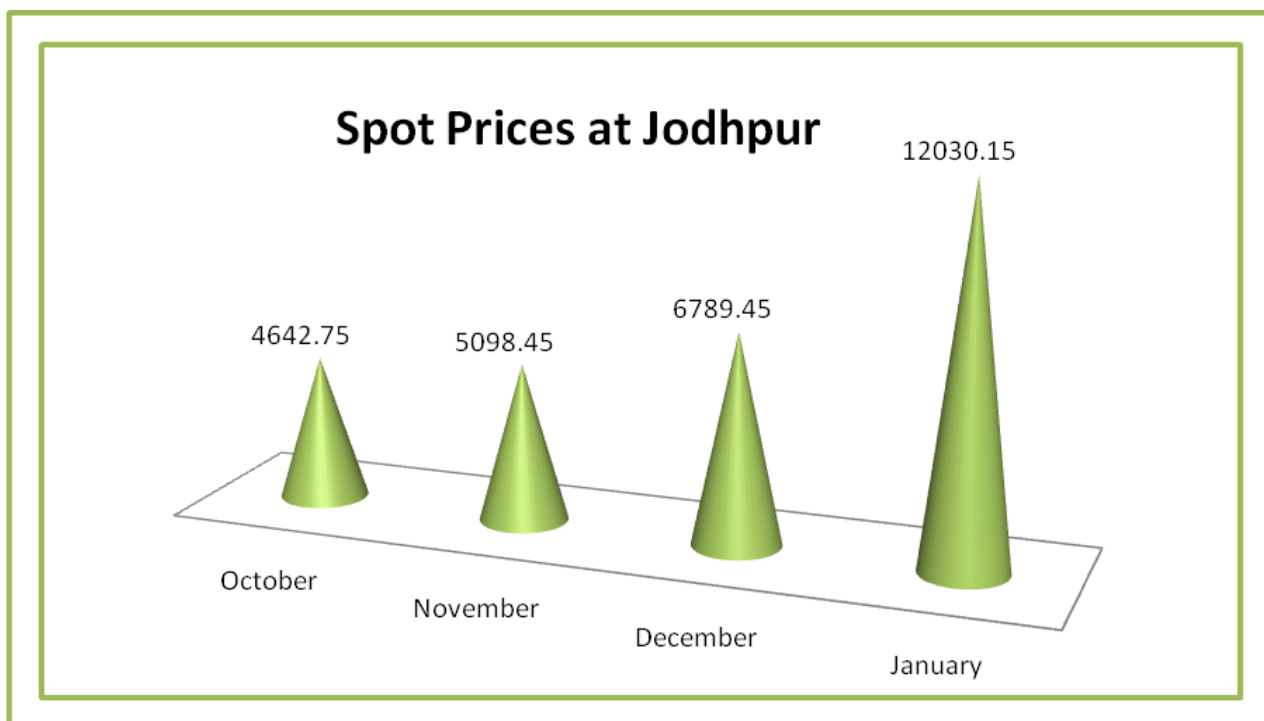
Commodity	Centre	Prices (Rs/Qtl)		%Change
		31-01-12	31-12-11	
Guar Seed	Jodhpur (Delivery)	13000	6970	62
	Jodhpur (Loose)	11500	7550	71
	Bikaner	11650	7170	73

	Nokha	11900	6950	87
	Hanumangarh	12100	7000	74
	Sri-Ganganagar	11800	6300	70
	Adampur	12200	7000	69
	Sirsa	12000	7050	79
	Bhiwani	12200	7200	78
	Deesa	11150	6235	63
	Nagaur	11600	6500	68
	Dhabwali	11300	6950	67
Guar Gum	Jodhpur	40500	24100	63
	Bhiwani	40800	24500	62
	Dhabwali	39500	24300	71

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		%Change
	Total Month Ending 31-01-2012	Total Month Ending 31-12-2011	
Bikaner	32700	206000	-84
Nokha	32100	123616	-74
Sri-Ganganagar	24960	45742	-45
Adampur	98300	223000	-56
Bhiwani	83400	124000	-33
All India	690000	2905000	-76

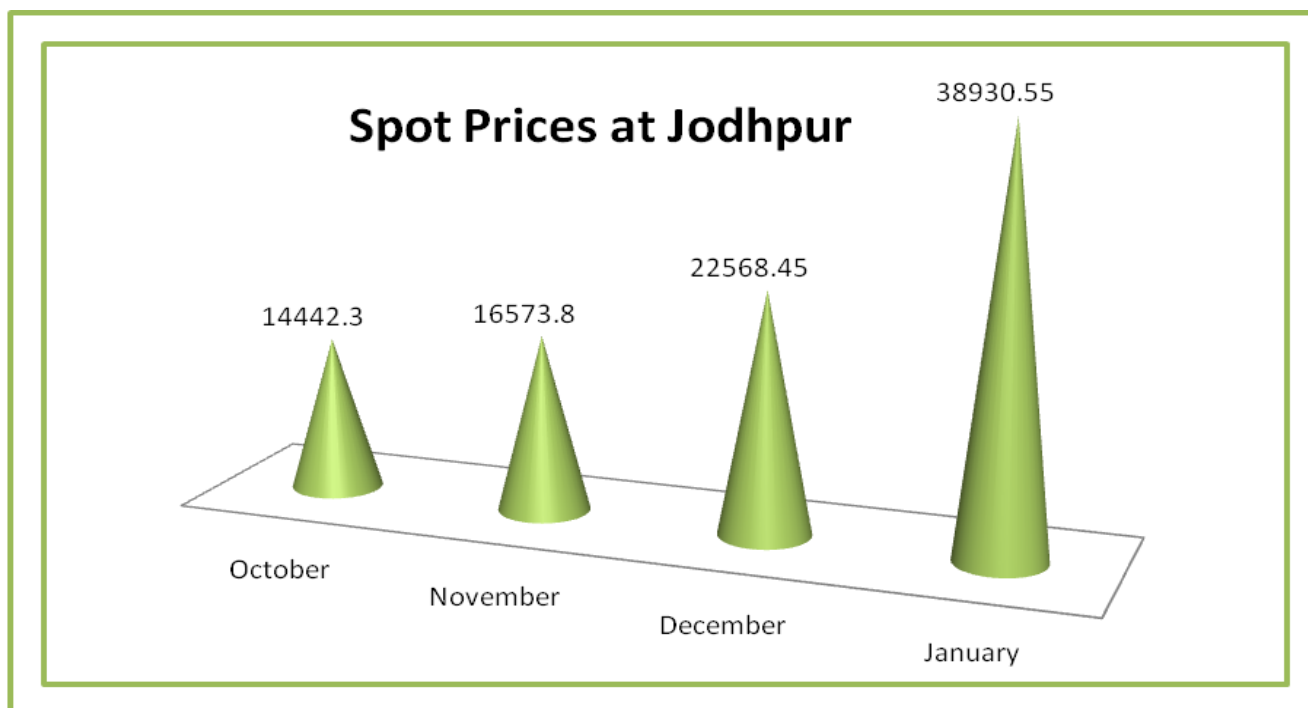
Spot Market Monthly Price Trend of Guar seed at Jodhpur



Continued upward movement featured in the guar seed prices, m-o-m. Guar seed prices in January month increased by 61% compared to October month. Aggressive buying from millers and exporters against limited stocks pulled up guarseed prices within a short period of time. Besides, FMC has caught some irregularities committed by few trading members in the manipulation of guar trade.

We expect guarseed prices to gain during the month, Feb, on upcoming and renewed buying from China and US. The prices are expected to move above 12030 levels and likely to witness 13500 level.

Spot Market Monthly Price Trend of Guar seed at Jodhpur

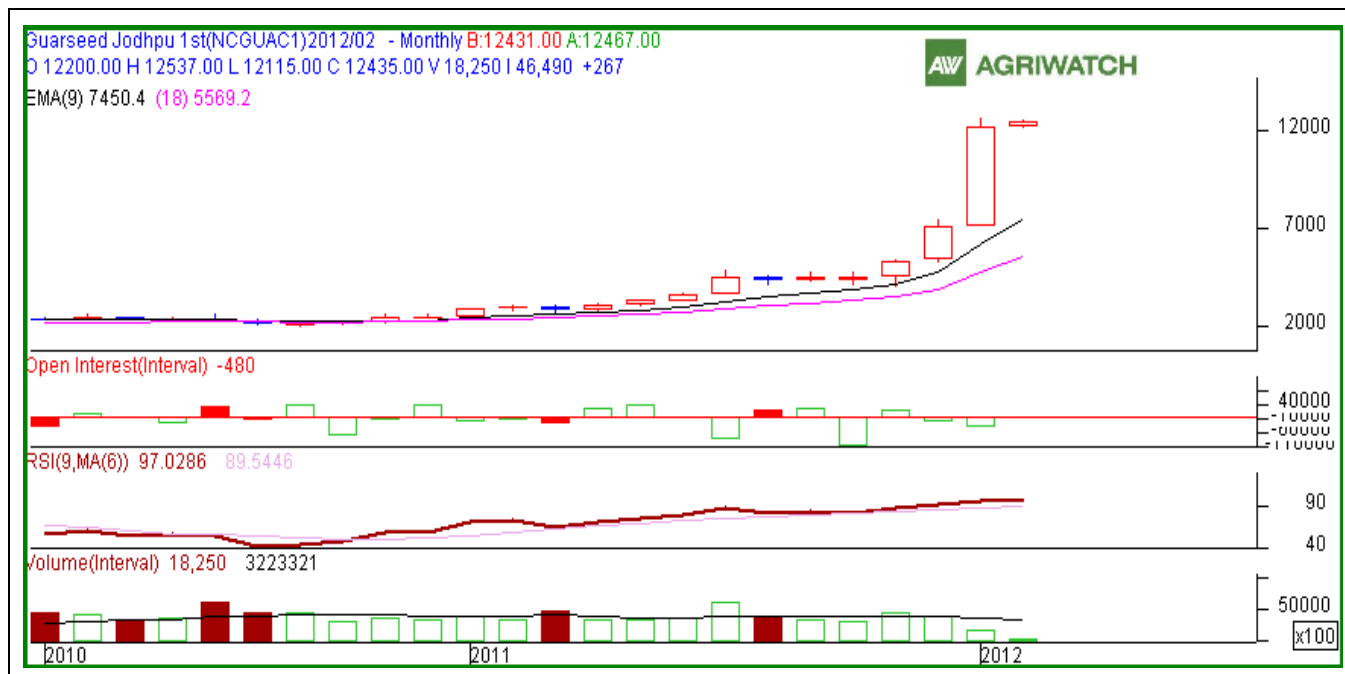


Futures Market Technical Analysis:

Technical Commentary Guar Seed (NCDEX December Contract):

- As depicted in the chart, overall guar seed prices are moving towards uptrend territory and are above the short term EMAs (9 and 18 day) which hints at a firm market.
- Oscillator RSI remains in the overbought territory which hints at a possible weakness in prices.
- However, falling open interest and volume against rising price indicate market behavior towards short covering phase as short sellers are covering their position in the market.
- A monthly close in range of 11500-12000 will continue to send bullish signals and may push prices to new highs. However, a monthly close at or below 9500 will turn the monthly trend down.

GUAR SEED



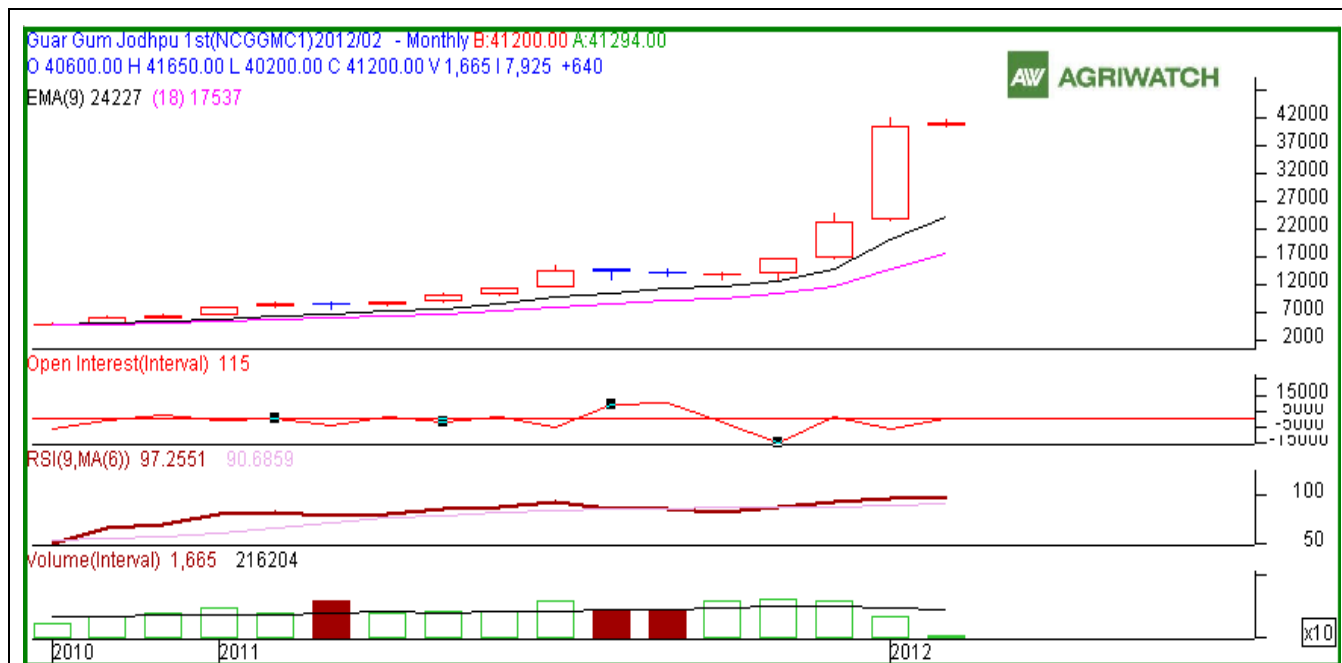
Strategy: Sell near resistance.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Seed	NCDEX	February	9500	10600	12168	14224	16280

Technical Commentary Guar Gum (NCDEX January Contract):

- Guar gum price represents bullish momentum in above chart and has closed above the short term EMAs (9 and 18 day) which hints at firmness in the market.
- Prices are moving up into uncharted territory.
- Oscillator RSI remains in the overbought territory and is a signal of a possible correction in the market.
- A monthly close in between 39500-40000 will continue to send bullish signals and may pulled up prices to new highs. However, a monthly close at or below 35000 will turn the monthly trend down.

GUAR GUM



Strategy: Sell near resistance.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Guar Gum	NCDEX	February	35496	37373	40560	43436	45313

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