

Highlights of the Month:

- Guar complex witnessed uptrend during the month initially recording new highs following limited availability in the spot market. However prices lost recent gains as FMC has stopped trading in guar seed and guar gum futures contracts.
- According to trade sources, millers do not have sufficient stocks to meet export demand.
- Sowing of guar, a short –crop of nearly two months has started in parts of Haryana. However the crop is not likely to be successful amid unfavourable weather. Sowing will start in most parts after the harvesting of mustard seed by next month.
- Acreage under guar seed is likely to increase by more than 50% in the major growing states following good returns during the season.
- FMC has stopped trading in all guar seed and guar gum futures contracts effective March 28, 2012. Trading will start on further notification by FMC.

Current Market Dynamics:

Guar prices witnessed a decline after recording new highs in the beginning of the month. Profit booking was witnessed during the last week following overbought nature of the market. There are limited stocks in the market amid lower output and good demand during this season. Millers are finding it difficult to meet export requirement. According to industry sources, the recent surge in horizontal drilling technology in the oil industry in the US has increased the demand for guar gum in the market significantly. There is no replacement for guar gum in hydraulic fracturing sector currently, as such the demand for guar is set to increase further.

Temperature is fluctuating in Rajasthan and as expected earlier, sowing of guar has not started. Warm temperature is required for sowing of guar and it will start next month. Progress of sowing in the coming weeks will give further direction to the market. Demand for guar seed will increase for sowing purpose in near –term. In this season, guar is also likely to be sown in Andhra Pradesh and Maharashtra.

NCDEX has taken various steps during the month to curb price speculation. According to the modified Launch calendar, the August 2012 and September 2012 expiry contracts in Guar Seed and Guar Gum will not be launched. The unit of trade and delivery has been reduced to 1MT from existing 10MT and 5MT for guar seed and guar gum respectively. The tick size has been increased from Re.1/quintal to Rs.10./quintal for guar seed and Rs.2/quintal to Rs.10/quintal for guar gum. An additional delivery centre Barmer has been introduced which will be applicable for contracts expiring in October 2012 and thereafter.



No trading (including intra-day) will be allowed in respect of Guar Gum (GARGUMJDR) and Guar Seed (GARSEDJDR) April 2012, May 2012, June 2012 and July 2012 expiry contracts from March 28, 2012.

Trading in fresh contracts will start on further notification by FMC.

Crop Estimates

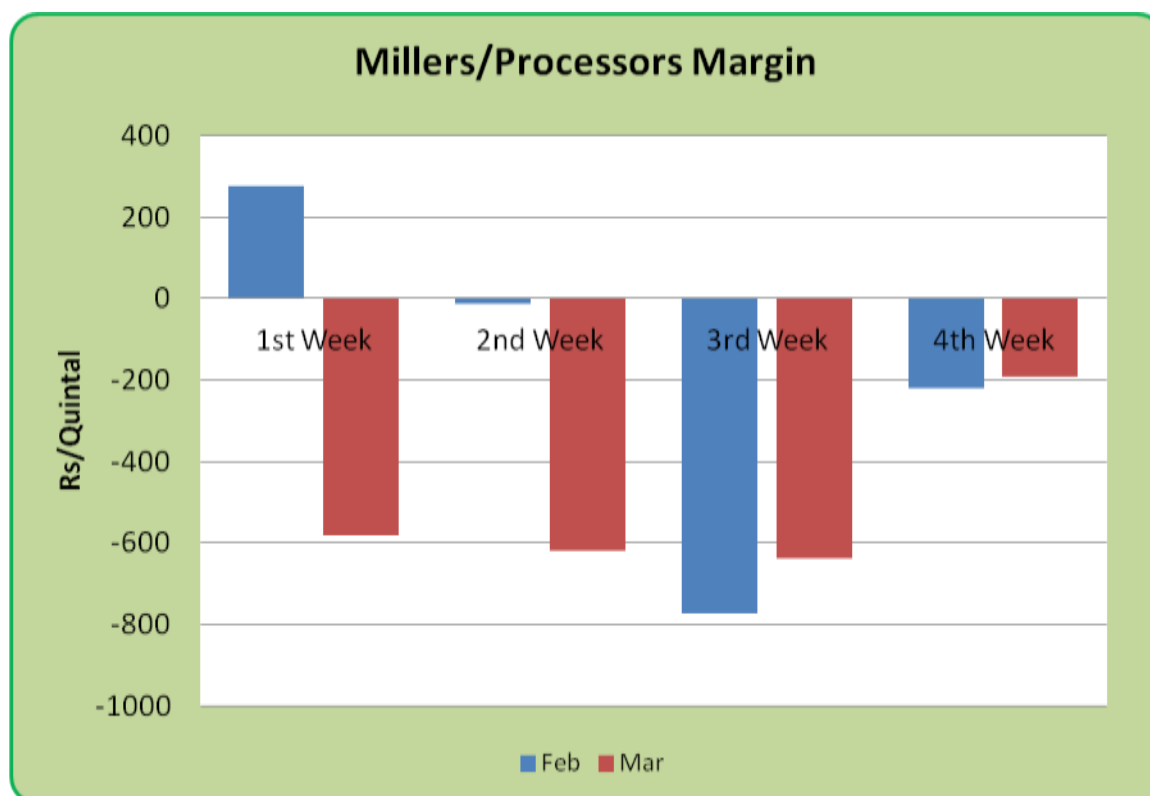
As per traders view, upcoming sowing area in 2012 is likely to increase approx 50% from the previous year sowing area in all over guar seed growing states as farmers realized higher profits this year.

According to state agriculture department of Rajasthan has pegged guar production at 12.09 lakh tonnes in 2011-12 lower compared to 14.88 lakh tonnes a year ago. 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.

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

*Estimates

Millers/Processors Margin



As seen in the chart above, crushing margin for guar seed millers has improved during fourth week over previous week. In the third week of March, margin stood at Rs.-636.31/Quintal and it improved to Rs.-225.40/Quintal in the fourth week. The average crush margin in the month of March stood at Rs.-515.48/Quintal compared to average crush margin of Rs. -182.09/Quintal in February. Due to lack of availability, prices of raw materials –guar seed had increased along with processing cost. However in near –medium term, margin is expected to improve as cost of the raw material will decline. According to trade sources, millers are crushing to meet prior export demand and in anticipation of better returns in the coming days.

Prices of Guar gum Split, Powder and Meal

Commodity	Variety	24 th Mar, 2012	29 th Feb, 2012	Change
Guargum Split		15700	11500	+4200
Guargum Powder	200 Mesh 5000 CPS	17000	13000	+4000
	200 Mesh 3500 CPS	16800	12850	+3950
Guargum Meal		300	285	+15
Prices in \$/MT and FOB Mundra Port				

Prices of Churi and Korma

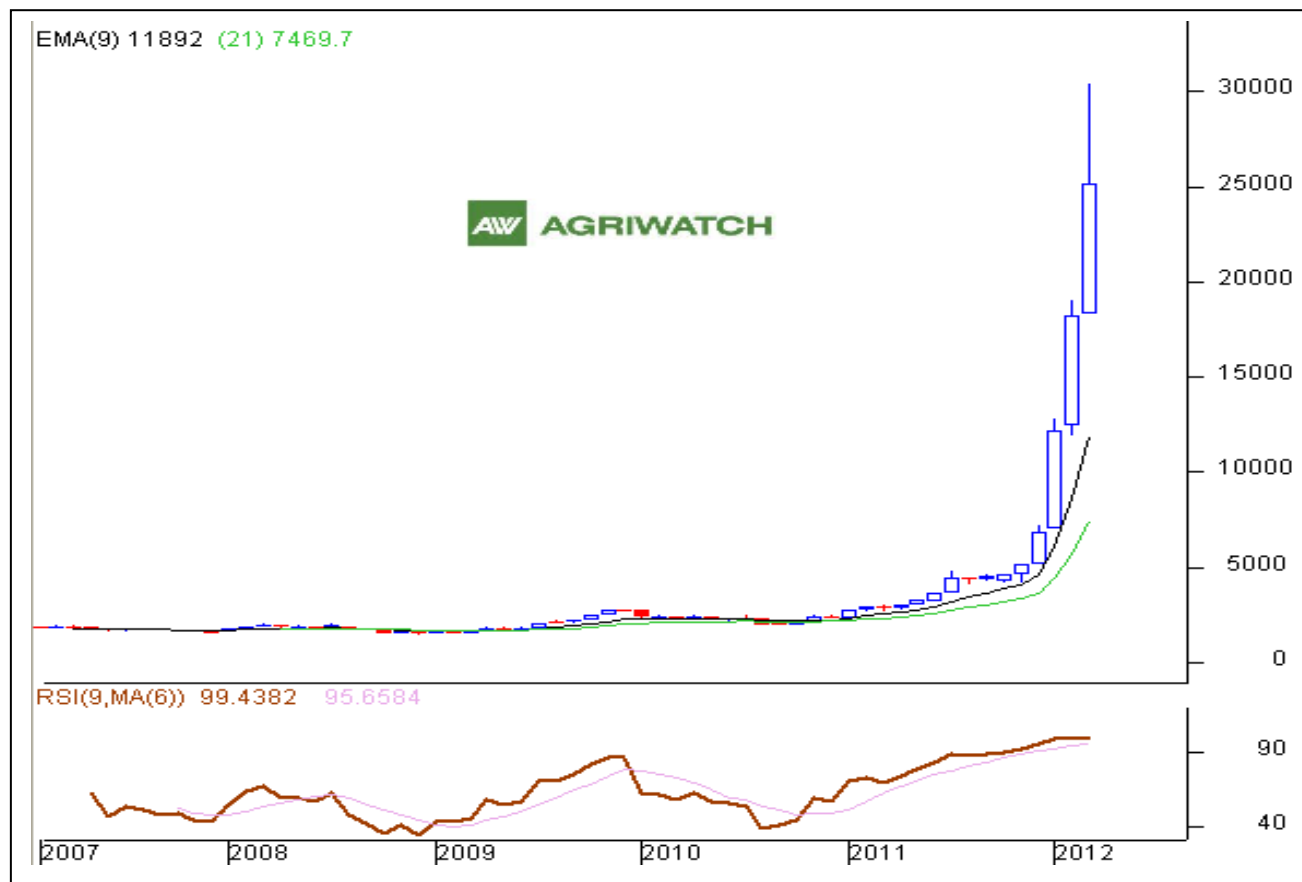
Commodity	24 th Mar, 2012	29 th Feb, 2012	Change
Churi	850	850	Unch
Korma	1150	1100	+50
Prices in Rs/75kg			

Guar Prices at Key Spot Markets

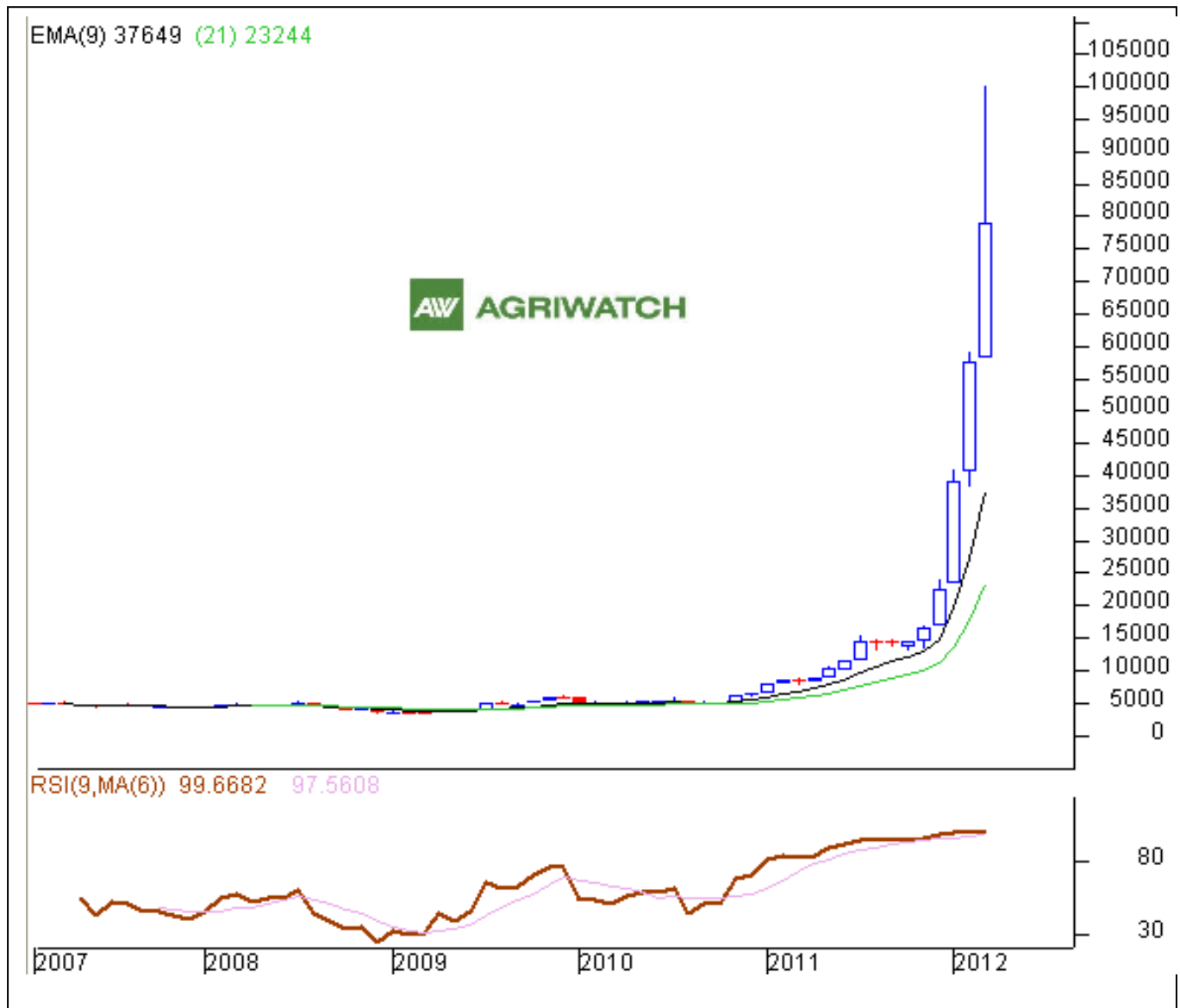
Commodity	Centre	Prices (Rs/Qtl)		Change
		24-03-12	29-02-12	
Guar Seed	Jodhpur (Delivery)	25000	20200	+4800
	Jodhpur (Loose)	21000	19200	+1800
	Bikaner	23500	18300	+5200
	Nokha	20200	-	-
	Hanumangarh	25000	18400	+6600
	Sri-Ganganagar	20000	19000	+1000
	Adampur	24000	19000	+5000
	Sirsa	23500	19000	+4500
	Bhiwani	24500	18700	+5800
	Deesa	21700	15650	+6050
	Nagaur	-	18000	-
	Dhabwali	-	18500	-
Guar Gum	Jodhpur	80000	58500	+21500
	Bhiwani	80500	59800	+20700
	Dhabwali	-	-	-

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Total Month Ending 24-03-2012	Total Month Ending 29-02-2012	
Bikaner	2425	5500	-3075
Nokha	700	6625	-5925
Sri-Ganganagar	10350	11000	-650
Adampur	27200	26150	+1050
Bhiwani	7450	20600	-13150
All India	48125	98500	-50375

Spot Market Monthly Price Trend of Guar seed at Jodhpur


As seen in the chart above, prices noticed firm tone initially and declined thereafter. Profit –booking at higher levels weighed on the market. Prices are holding above 9-Day and 21-Day EMA supporting the overall positive tone of the market. Stochastic oscillator is declining in the overbought territory supporting weakness in near – term. For the recent bull run, prices are likely to give correction towards 17000 levels. Close below this level will change the overall positive tone of the market and prices will trade further lower. Traders are advised to wait for better buying levels in medium –term.

Spot Market Monthly Price Trend of Guar Gum at Jodhpur


Guar gum prices traded firm initially and noticed profit –booking at higher levels as evident from the chart. Prices recorded new highs and market was due for correction following the overbought nature. MACD is increasing in the positive territory supporting the overall positive tone of the market. RSI is steady in the overbought territory supporting weakness in near –term. Prices are likely to see a correction towards 65000 levels. Break below the support level of 57000 will change the monthly trend down. Traders can wait for better buying levels in medium – term.



Futures Market Technical Analysis:

FMC has stopped trading in all guar seed and guar gum futures contracts effective March 28, 2012. Trading will start on further notification by FMC.

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