

**Highlights of the Month:**

- Guar complex continued the uptrend during the month recording new highs in the spot market. However profit-booking at higher levels weighed on the market to certain extent.
- Lower stocks in the spot market supported prices.
- Acreage under guar seed is likely to increase by around 30% in the major growing states following good returns during the season.
- According to trade sources, there will be likely shift in acreage from cotton, jowar and moong towards guar in the coming season.
- Sowing of guar seed is likely to pick up in the coming weeks, thereby giving further direction to the market.

**Current Market Dynamics:**

Guar seed and guar gum prices recorded new highs during the month amid good demand and limited availability in the spot market. Some profit-booking was witnessed at higher levels. However, overall tone is positive amid regular export demand. Plants in Dhabwali have closed down amid lack of stocks and are likely to open only when arrival of the new crop starts.

Millers are also adding mills to process more guar seed in the coming season. Guar seed is used as cattle feed and manure and guar gum is used in various industries like food processing, paper, textiles, hydraulic fracturing of oil etc. The application of guar gum in various industries has increased, thereby adding to the positive tone of the market.

Sowing of guar has taken place in certain parts of Rajasthan and Haryana. The crop was sown in certain parts of Haryana in March and is not likely to be successful following lack of favourable weather in the growing areas. Sowing progress will give further direction to the market. According to market sources, the crop is expected to be higher in the coming season. There will be likely shift in acreage from cotton, groundnut, jowar and bajra to guar seed. Sowing activities have been reported in certain areas of Rajasthan and Karnataka in April. Normal sowing activities will start in June-July in Rajasthan and Haryana with the commencement of monsoon. As of date, monsoon is expected to be normal during the season. Rains have been reported in certain growing regions during the week.

Demand for guar seed has increased this year. According to trade sources, sowing of seed is likely to increase by more than 40 percent to five million hectares, compared to 3.5 million hectares last year.

Production of guar seed is not likely to increase in U.S. Few farmers in US know how to grow guar. U.S. farmers have little incentive to switch to guar, especially without crop insurance, which discourages banks from lending money for seed or equipment because of the risk of crop losses from flood or drought. U.S. will primarily depend on India for its need for guar gum.

## Crop Estimates

As per traders view, upcoming sowing area in 2012 is likely to increase by 30% from the previous year sowing area in all over guar seed growing states as farmers realized higher profits this year.

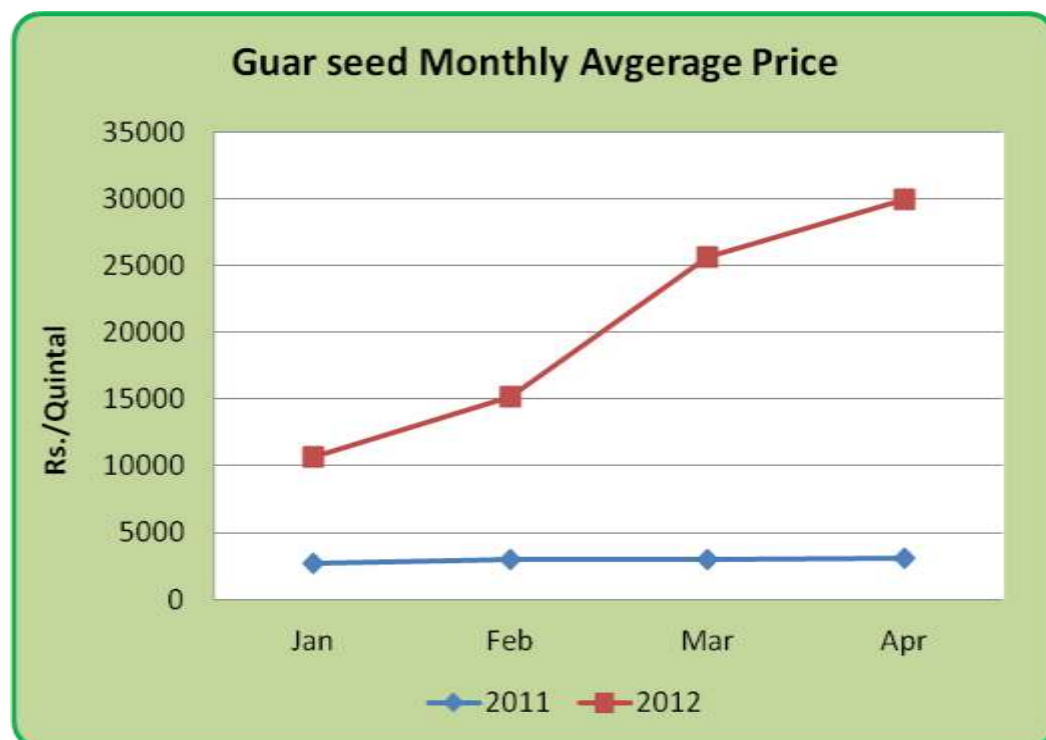
According to state agriculture department of Rajasthan has pegged guar production at 12.09 lakh tonnes in 2011-12 lower compared to 14.88 lakh tonnes a year ago. In Haryana, production estimate stood at 3.07 lakh tonnes down from the previous year production i.e.3.60 lakh tonnes and production estimate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

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

\*Estimates

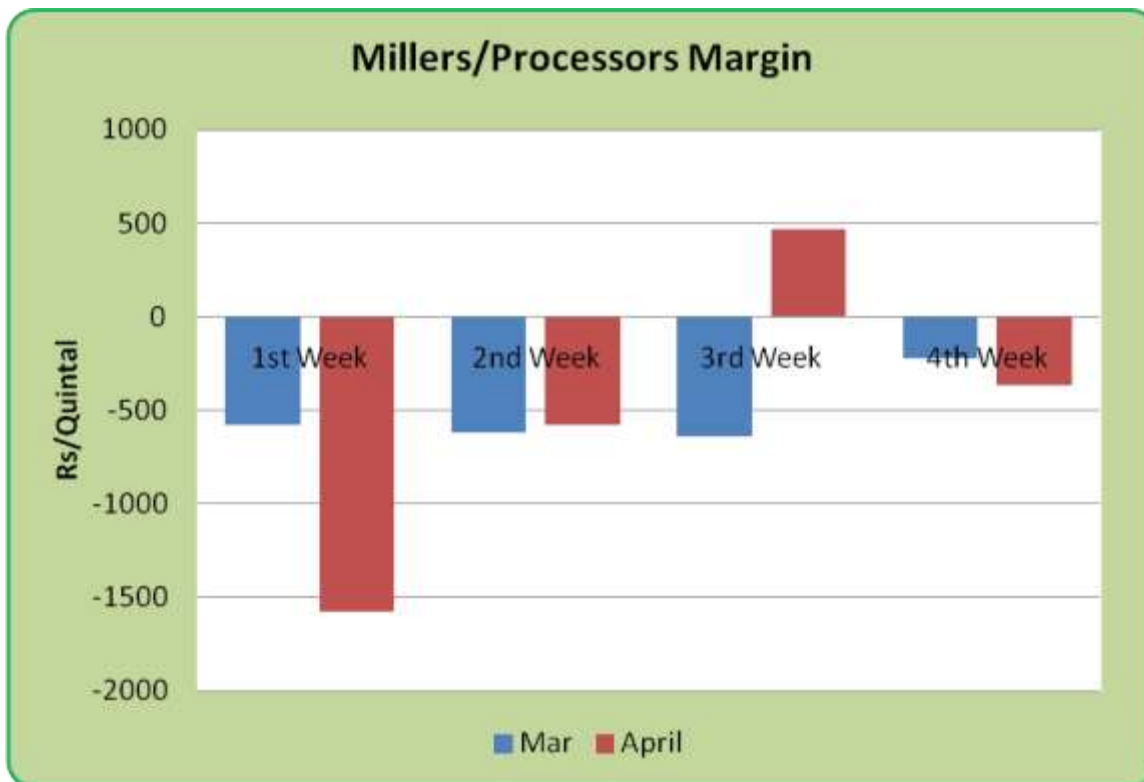
## Price Scenario

Guar seed and guar gum prices traded higher during the month. The average price of guar seed in the month of April increased by 17% to Rs.29968/Qtl and that of guar gum increased by 18% to Rs.94091/Qtl compared to the month of March. Good export demand and limited availability in the spot market are supporting prices. The graph below illustrates the monthly average price movement of guar seed and guar gum in Jodhpur market.





### Millers/Processors Margin



As seen in the chart above, average crushing margin for guar seed millers has declined during the fourth week of April compared to third week. However margin has improved slightly month on month basis in April. The average crush margin in the month of April stood at Rs.-409.10/Quintal compared to average crush margin of Rs. - 515.48/Quintal in March. Due to lack of availability, prices of raw materials –guar seed had increased along with processing cost. In medium term, margin is expected to improve further as cost of the raw material will decline. According to trade sources, millers are increasing the capacity of the mills to meet the rising export demand from China, U.S., and Europe.

**Prices of Guar gum Split, Powder and Meal**

Commodity	Variety	30 <sup>th</sup> April, 2012	24 <sup>th</sup> Mar, 2012	Change
Guargum Split		19300	15700	+3600
Guargum Powder	200 Mesh 5000 CPS	20600	17000	+3600
	200 Mesh 3500 CPS	20500	16800	+3700
Guargum Meal		295	300	-5
Prices in \$/MT and FOB Mundra Port				

**Prices of Churi and Korma**

Commodity	30 <sup>th</sup> April, 2012	24 <sup>th</sup> Mar, 2012	Change
Churi	650	850	-200
Korma	950	1150	-200
Prices in Rs/75kg			

**Guar Prices at Key Spot Markets**

Commodity	Centre	Prices (Rs/Qtl)		Change
		30-04-12	24-03-12	
Guar Seed	Jodhpur (Delivery)	31000	25000	+6000
	Jodhpur (Loose)	28000	21000	+7000
	Bikaner	29500	23500	+6000
	Nokha	27000	20200	+6800
	Hanumangarh	29000	25000	+4000
	Sri-Ganganagar	28500	20000	+8500
	Adampur	30000	24000	+6000
	Sirsa	29000	23500	+5500
	Bhiwani	29500	24500	+5000
	Deesa	25800	21700	+4100
	Nagaur	26500	-	-
	Dhabwali	-	-	-
Guar Gum	Jodhpur	96000	80000	+16000
	Bhiwani	99500	80500	+19000
	Dhabwali	-	-	-

**Guar Cumulative Arrivals in Key Centers**

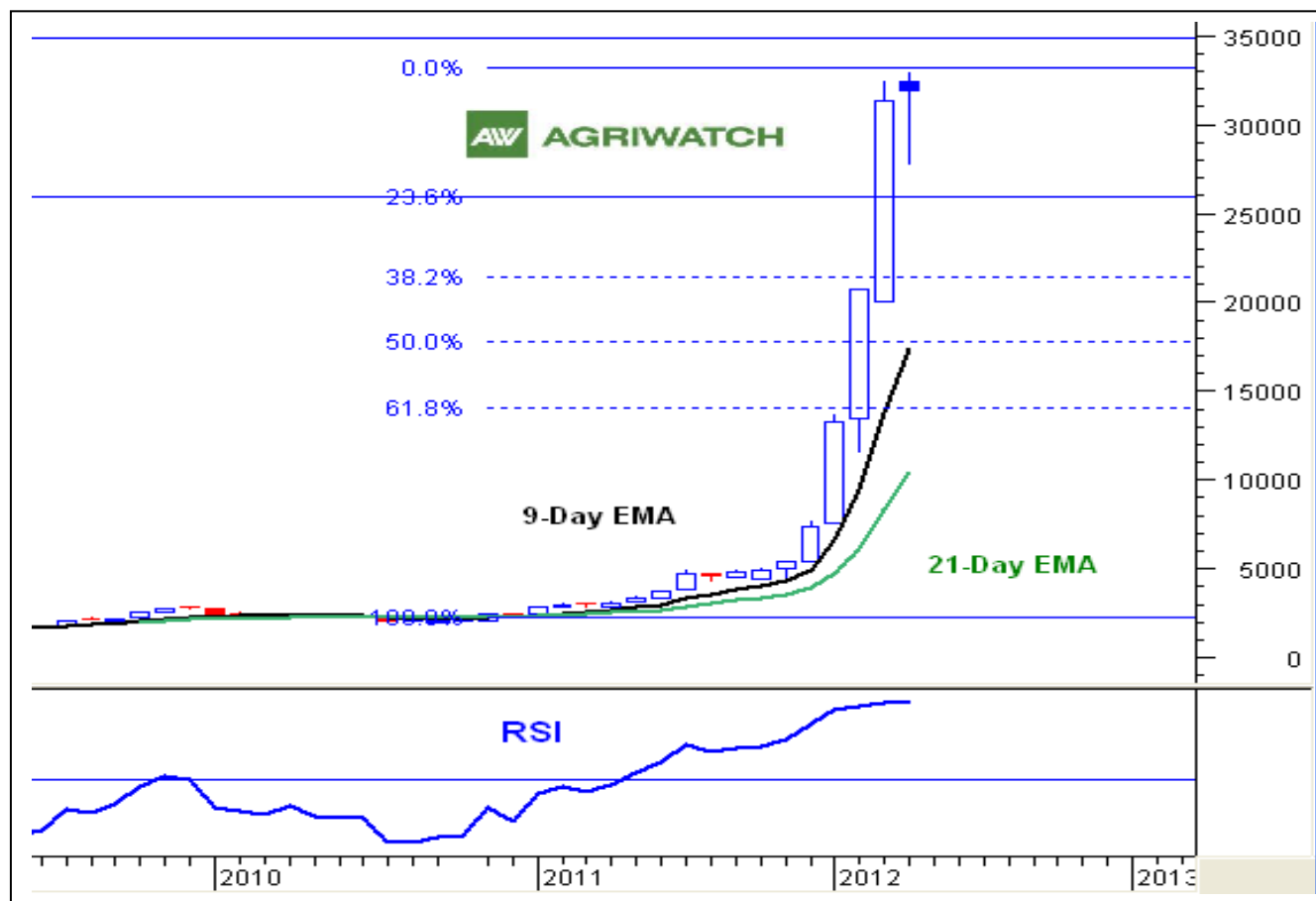
Centre	Arrivals (Quintals)		Change
	Total Month Ending 30-04-2012	Total Month Ending 24-03-2012	
Bikaner	4150	2425	+1725
Nokha	349	700	-351
Sri-Ganganagar	1170	10350	-9180
Adampur	30900	27200	+3700
Bhiwani	12200	7450	+4750

All India

48769

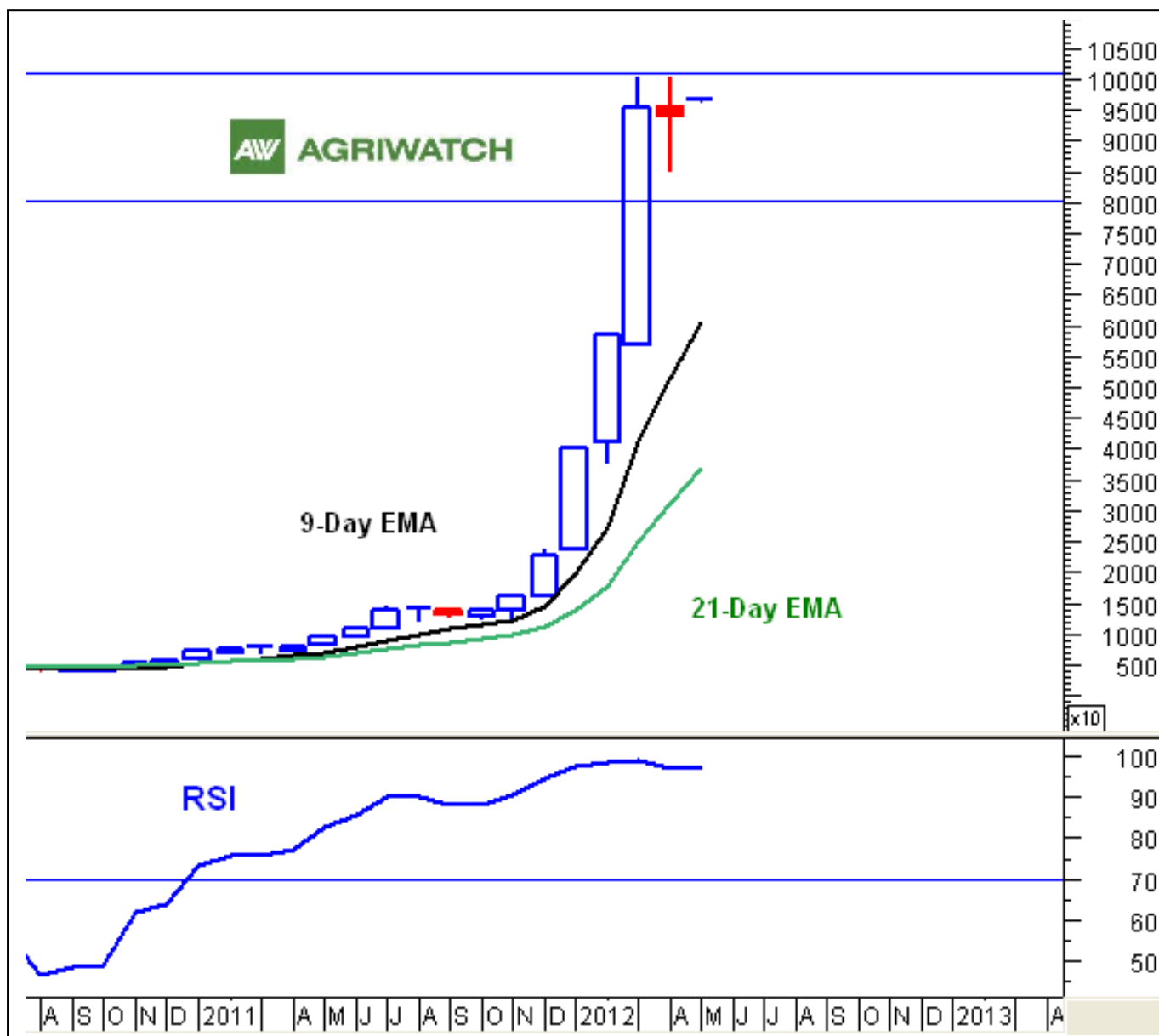
48125

+644

**Spot Market Monthly Price Trend of Guar seed at Jodhpur**


Prices continued the uptrend during the month recording new high. Profit booking at higher levels weighed on the market to certain extent. However overall positive tone is intact. RSI is steady in the overbought region denoting prices are due for correction in the near –term. Prices could retrace towards 23.6% level of Rs.25290/Qtl levels in the coming days. MACD is in the positive territory supporting the overall positive tone of the market. On the downside there is support at Rs.25290 levels and Rs.20880 levels. Close below these levels will change the overall bullish scenario of the market. On the upside there is resistance at Rs.33000 and Rs.35000 levels respectively.

**Prices are likely to trade in the range of Rs.25000-Rs.35000/Qtl levels in the medium –term.**

**Spot Market Monthly Price Trend of Guar Gum at Jodhpur**


Guar gum prices traded sideways to lower during the month. After declining towards Rs.87000 levels, prices are showing some recovery. Stochastic oscillator is declining in the neutral region supporting weakness in the near – term. Prices will find support at Rs.80000 levels and if this is broken, the next support is at Rs.70000 levels. RSI is steady in the overbought region denoting caution to the buyers. On the upside there is resistance at Rs.110000 and Rs.125000 levels respectively. Traders are advised to wait for better buying levels in the medium –term.

**Prices are likely to witness some recovery and ease thereafter towards Rs.80000 levels.**

**Spot Market Outlook:**

Both Guar seed and Guar gum prices are expected to decline after noticing initial gains.



### 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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