

Domestic Market Recap:

- Guar prices (Guarseed & Guargum) featured a weak tone in all the major markets week ended last Saturday despite good domestic demand.
- Medium to long term perspective looks good for guar seed as overall stocks are expected to decline significantly to around 20,000 tonnes from last year's 150,000 tonnes.
- Due to estimated lower guar seed output at around 14 – 14.5 lakh tonnes compared to previous years 18.5-19 lakh tonnes also supports the current market sentiment in medium term.
- Guar Seed stocks at NCDEX (as of January 28th, 2012) registered at 13692 MT and Guar Gum stocks at NCDEX (as of January 28th, 2012) registered at 63762 MT.

Current Market Dynamics

Guar seed prices in majority of cash markets featured a weak tone during this week besides regular demand from millers/processors. However, export or overseas demand to be watched very carefully as in coming days price movement in cash market would depend mostly on overseas demand besides the 1st forecast of monsoon and sowing progress of Kharif 2012 which seems to be favorable as of now. On other hand, the drop has raised fears that some traders may have oversold positions ahead of the next settlement date on Feb. 20.

India meets about 80 percent of world demand for guar, which is widely used in foods to thicken or add dietary fiber and has industrial uses such as in drilling for shale gas as well as in the making of paper and textiles..

To control the volatility of guar prices, NCDEX has imposed further Special Margin of 20% on the Long side will be imposed 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 that is 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%

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. Reportedly regular good overseas demand for guar gum powder from the US for oil drilling is supporting the sentiment in long run.

Guar seed output in Rajasthan is estimated at 12.03 lakh tonnes for 2011-12 seasons lower from previous year i.e.15.46 lakh tonnes. Production of Guar in Haryana and Gujarat is expected to be 3.2 lakh tonnes and 0.6 lakh tonnes respectively in 2011- 12. The table below shows the State-Wise APY for 2011-12.

State Wise Area and Production Estimated 2011/12		
State/Attribute	Area	Production
Rajasthan	29.07	11.36

Haryana	2.56	3.2
Gujarat	1.20	0.6

Guar Prices at Key Spot Markets

Commodity	Centre	Prices in Rs/Qtl		Change
Guar Seed		28-01-12	21-01-12	
	Jodhpur (Delivery)	12200	13000	-800
	Jodhpur (Loose)	11200	11800	-600
	Bikaner (Delivery)	11700	12300	-600
	Bikaner (Loose)	11500	12000	-500
	Nokha	11300	12000	-700
	Hanumangarh	11500	12100	-600
	Sri-Ganganagar	11000	12000	-1000
	Adampur	11700	12600	-900
	Sirsa	11200	13000	-1800
	Bhiwani	12000	12600	-600
	Deesa	9965	10110	-145
	Nagaur	11700	11700	Unch
	Dhabwali	11500	11700	-200
Guar Gum	Jodhpur	38800	40000	-1200
	Bhiwani	40600	37300	3300
	Dhabwali	39600	38500	1100

Guar by – Products Prices:

Commodity	Centre	Price in Rs/75Kg	
		28-01-12	21-01-12
Churi	Jodhpur	675	850
Korma	Jodhpur	875	1050

Guar Export Prices:

Commodity	Variety	\$/MT	
		28-01-12	21-01-12
Guargum Split		7900	7500
Guargum Powder	200 Mesh 5000 CPS	9200	8800
	200 Mesh 3500 CPS	9100	8700
Guargum Meal		300	290

Guar Cumulative Arrivals in Key Centers

Centre	Arrivals (Quintals)		Change
	Week Ending 28-01-2012	Week Ending 21-01-2012	
Jodhpur	-	-	-
Bikaner	3000	2900	100
Nokha	3700	9600	-5900

Hanumangarh	1350	2450	-1100
Sri-Ganganagar	1800	6200	-4400
Adampur	10500	19800	-9300
Sirsa	2600	5250	-2650
Bhiwani	7100	15000	-7900
Deesa	1040	1215	-175
Nagaur	500	850	-350
Dhabwali	500	1300	-800
All India	43000	45000	-2000

Spot Market Technical Analysis of Guar seed & Guar gum



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

As evident from the chart, prices show ups and down into uncharted territories. Overall trend is indicating towards short covering phase of the market. However, Prices have closed above 9 & 18-day EMAs supporting the bullish sentiments in the market. RSI is remained at the same level of previous week and hints at profit booking. Close above the weekly level at 10500 may continue to support the bullish signal in the market, but a close below the 9700 level may change the weekly trend down. Prices in the coming week may trade in range from 10000-13000.

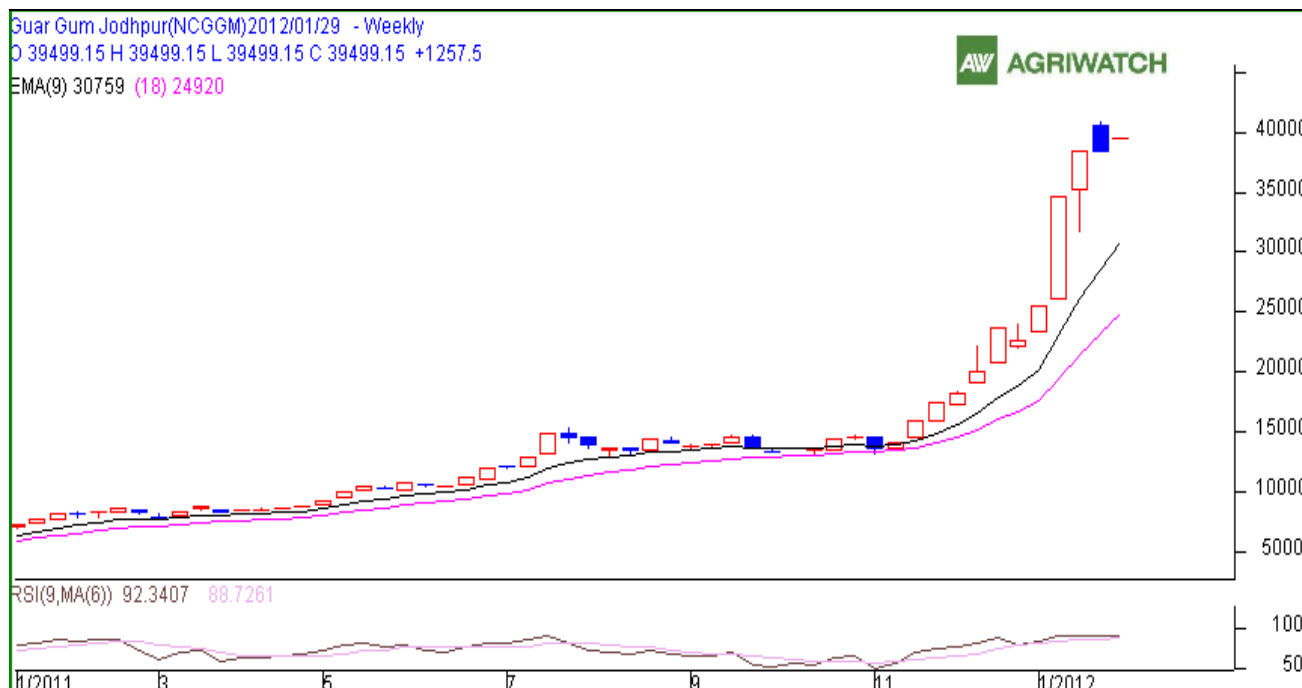


Fig-2 – Guar Gum Weekly Spot Prices (Jodhpur) Technical Analysis

As evident from the chart, prices show ups and down into uncharted territories. Overall trend is indicating towards short covering phase of the market. However, Prices have closed above 9 & 18-day EMAs supporting the bullish sentiments in the market. RSI is moving up in oversold region and hints at profit booking. Close above the weekly level at above 38500 may continue to support the bullish signal in the market, but a close below the 34900 level may change the weekly trend down. Prices in the coming week may trade in range from 37000-40000.

Spot Outlook:

Both Guarseed and Guargum prices are expected to trade range bound to weak despite rising demand against limited available stocks. However, lower production estimates this year prices may see strong support at 10000 levels for guar seed and 35000 levels for guar gum.

Exchange Technical (NCDEX):

Technical Commentary: (Guarseed)

- As evident from the chart, prices are moving in between ups and downs zone which depicts a correction in the market during coming week ahead.
- Prices are above EMA (9 and 18 day) which supports the bullish trend in the market.
- Oscillator, RSI is slight up in the overbought region and suggests that prices may see some profit booking.

- Close above the weekly level at 11250 may continue to support the bullish signal in the market, but a close below at 10500 the level may change the weekly trend down.
- Prices in the coming week may trade in range from 10000-12500.

GUAR SEED



Strategy: Buy at mentioned supports and book profits and mentioned resistances.

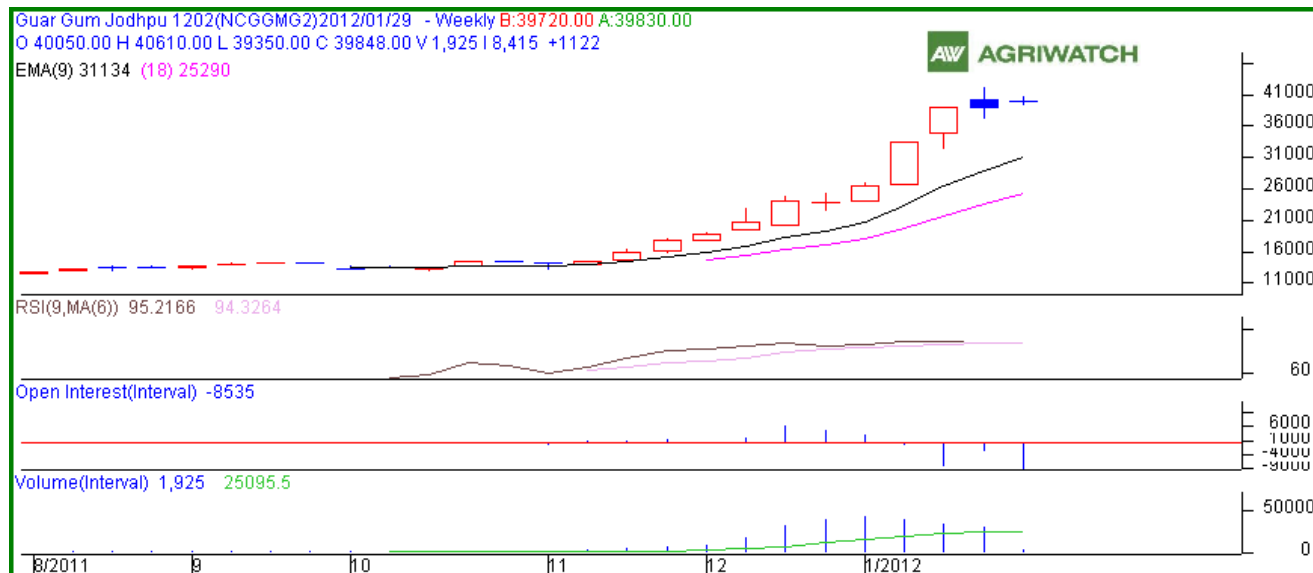
Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar seed	NCDEX	February	10713	11213	11713	12023	12333

Technical Commentary: (Guargum)

- As evident from the chart, prices are moving in between ups and downs zone which depicts a correction in the market during coming week ahead.
- Prices are above EMA (9 and 18 day) which supports the bullish trend in the market.
- Oscillator, RSI is slight up in the overbought region and suggests that prices may see some profit booking.
- Close above the weekly level at 38050 may continue to support the bullish signal in the market, but a close below the 36300 level may change the weekly trend down.
- Prices in the coming week may trade in range from 38000-41000



GUAR GUM



Strategy: Buy at mentioned supports and book profits and mentioned resistances.

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Guar gum	NCDEX	February	36352	38048	39848	40921	41994

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